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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, January 9, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

JAN - 5 2007

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COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ryan L. Brooks, Vice President
The Honorable E. Dennis Normandy
The Honorable Ann Moller Caen
The Honorable Adam Werbach

51-00-07411:58 1000

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

a) Minutes of the December 12, 2006, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

a) Water System Improvement Program/Capital Programs (Irons)

b) Low Impact Development (LID) Initiative Update

c) Meter Reading Technology

d) Climate Change Summit Update

e) Treasure Island Electric Cable Update

f) Federal Legislative Update (Spanjian/Owens)

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-395, Southeast Water Pollution Control Plant Building 850, HVAC and Office Improvements, in the amount of \$974,996, to the lowest, qualified, responsible and responsive bidder, LC General Engineering & Construction, Inc.
 - b) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-367, Parker and 17th Avenues/McAllister Street Sewer Replacement, by Harty Pipeline, for a total contract amount of \$620,967.91, and authorize final payment, in the amount of \$86,633.66, to the contractor.
 - c) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of the San Francisco Public Utilities Commission, dated December 20, 2006, and approved by the President of the Commission to repair the existing sewer on Stanyan Street from Belgrave Avenue to Clarendon Avenue.
 - d) Staff Recommendation: Approve Modification No. 1 to Water Enterprise, Hetch Hetchy Repair and Replacement Program-funded Contract No. HH-918, Tuolumne River Channel Improvement, with On Grade Contracting, for a time extension of 21 consecutive calendar days for a total contract duration of 96 consecutive calendar days.
 - e) Staff Recommendation: Approve the plans and specifications and award Water Enterprise Water System Improvement Program-funded, Contract No. WD-2491, Ingoing Road Overlay Phase 2, in

the amount of \$847,467, to the lowest qualified, responsible and responsive bidder, NTK Construction, Inc.

REGULAR BUSINESS

10. Discussion of the establishment of a San Francisco Public Utilities Commission Policy concerning media communications.
11. Discussion and possible action related to authorize a Utility Agreement (for construction of pipeline casings) with the City of Fremont for an amount not to exceed \$4,000,000, at the former Irvington Pumping Plant site. (Continued from December 12, 2006, Regular meeting). (Ortiz)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Utility Agreement with The City of Fremont for an amount not to exceed \$4,000,000 (and with a duration of twenty four (24) months) which will allow the City of Fremont to construct for SFPUC pipeline casings at the former Irvington Pumping Plant site as part of the City of Fremont's Union Pacific Railroad Grade Separation Project.

12. Discussion and possible action related to authorize a Memorandum of Agreement with the United States Department of the Interior, National Park Service – Yosemite National Park, to provide for the security of O'Shaughnessy Dam. (Carlin)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission to execute, on behalf of the City and County of San Francisco, a Memorandum of Agreement with the United States Department of the Interior, National Park Service – Yosemite National Park, to provide for the security of Hetch Hetchy Project facilities, including O'Shaughnessy Dam, and associated infrastructure that is located within Yosemite National Park, with a duration of 5 years.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to award Contract No. WD-2476, East-West Transmission Main , in the amount of \$19,929,348. (Fung)

Staff Recommendation: Approve the plans and specifications and award Water Enterprise Water System Improvement Program-funded Contract No. WD-2476, East-West Transmission Main, in

the amount of \$19,929,348, to the lowest, qualified, responsible and responsive bidder, Ranger Pipelines Incorporated. East West Transmission Main has Local Water WSIP Pipeline Project which connects Alemany Pump Station to Sunset distribution zone in the City.

14. Discussion and possible action related to rescinding Resolution No. 06-0142, adopted by the Commission on September 12, 2006, awarding Contract No. DB-113, Fuel Cell Energy Plant at Southeast Water Pollution Plant to Alliance Power, Inc., and for contractor licensing purposes awarding DB-113R Contract to Otto H. Rosentreter Company. (Hale)

Staff Recommendation:

Rescind Resolution No. 06-0142, adopted by the Commission on September 12, 2006, awarding Contract No. DB-113, Fuel Cell Cogeneration Renewable Energy Plant at Southeast Water Pollution Control Plant, a 1-year design-build agreement (DBA) for turnkey design and construction of a 600 kW molten carbonate fuel cell energy generation plant and a 5-year operation and maintenance agreement in the amount not to exceed \$2,200,000, to Alliance Power, Inc.

Award Power Enterprise Fuel Cell Program-funded Agreement No. DB-113R, Fuel Cell Cogeneration Renewable Energy Plant at Southeast Water Pollution Control Plant for the above-referenced agreements to Otto H. Rosentreter Company; and **authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute design build and maintenance agreements** with Otto H. Rosentreter Company for an amount not to exceed \$2,200,000, and with a total duration of six years. Both Alliance and Rosentreter have concurred with this contract arrangement with approval of the City Attorney's Office.

PROFESSIONAL SERVICE CONTRACTS

Award

15. Discussion and possible action related to approve Agreement No. CS-850, the selection of Edelstein and Gilbert for State Legislative Representation and Advocacy Services for the San Francisco Public Utilities Commission (SFPUC). (Spanjian)

Staff Recommendation:

Approve the selection of Edelstein and Gilbert for Agreement No. CS-850, State Legislative Representation and Advocacy Services for the San Francisco Public Utilities Commission (SFPUC), to provide state legislative representation and advocacy services for the SFPUC for an amount not to exceed

\$200,000 per year for three (3) years with an option to extend the agreement for two (2) additional years at the Commission's discretion, and authorize the General Manager to negotiate and execute a professional services agreement.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.
17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

18. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) (Mueller)

Anticipated Litigation: As Plaintiff.

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Existing Litigation: Lopez-Medina et al. v. City & County of San Francisco et al. San Francisco Superior Court Case No. 431-297 City Law File No. 050078, Filed May 12, 2004.

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Existing Litigation: Kiyoka Yukimoto Claim No. 07-00883, Filed October 10, 2006

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Berkowitz)

Existing Litigation: Hattie Finn-Carter v. City & County of San Francisco et al. CA Northern District Court Case No. 06-1067 City Law File No. 050078, Filed February 13, 2006

27. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd)

APN 96-375-009

Pursuant to Government Code Section 54956.8 and Sunshine Ordinance Section 67.8 (a)(2), RFP Respondents - Oliver de Silva Inc., Santa Clara Sand and Gravel Company d/b/a CEMEX, LLC (Teichart Inc.), and TSV Properties.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

Notice of special

San Francisco Public Utilities Commission

Meetings held to discuss the

Public Utilities Commission's

FY 2007-08 Budget

**These special San Francisco Public Utilities Commission FY 2007-08
Budget Meetings are set for:**

Tuesday, January 23, 2007*

Thursday, January 25, 2007

Monday, January 29, 2007

Tuesday, February 6, 2005

**Each of the Special SFPUC FY 2007-08 Budget meetings will be held beginning
11:30 A.M. in the 4th Floor Conference Room of 1155 Market Street.**

- This special meeting replaces a regular SFPUC meeting previously scheduled to be held in Room 400 City Hall.

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



01/09/07 Minutes San Francisco Public Utilities Commission

Published: 01/09/2007 | Updated: 04/12/2007

Published By: Commission

MINUTES

Tuesday, January 9, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Richard Sklar, President

The Honorable Ryan L. Brooks, Vice President

The Honorable E. Dennis Normandy

The Honorable Ann Moller Caen

The Honorable Adam Werbach

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 1:32 P.M.

2. Roll Call: Present – President Richard Sklar, Commissioner Ann Moller Caen, and Commissioner Adam Werbach

3. Approval of Minutes

Moved by Commissioner Werbach, seconded by President Sklar, to adopt the Minutes of the December 12, 2006, Regular Meeting; passed (3-0) unanimously.

President Sklar asked Commissioner Caen to assume the Chair as he was losing his voice.

Commissioner E. Dennis Normandy arrived at 1:35 P.M.

4. Public Comments

Mr. Francisco da Costa called attention to the Public Utilities Commission's responsibilities to address community concerns with existing pollution at the former San Francisco Naval Shipyard site where a solar installation was planned and expressed concern with how these responsibilities were being discharged.

Vice President Ryan L. Brooks arrived at 1:39 P.M. and assumed the Chair.

5. Communications

Vice President Brooks announced that the Commission would hold a series of Special meetings on January 23rd, January 25th, January 29, and February 6th to discuss proposals for the San Francisco Public Utilities Commission's FY 2007-2008 Budget.

6. Commission Business

In response to President Sklar's expression of concern with the Commission's lack of information about and questions concerning the status of and ongoing negotiations and bidding processes related to the proposed CT Turbine Projects on the City's east side and at the Airport, General Manager Susan Leal provided a brief overview of what had been done since the last report to the Commissioners. Vice President Brooks emphasized that it was important such matters be addressed as a whole rather than in a piecemeal fashion. Commissioner Werbach observed that this process should be guided by policies driven by ground up realities and that it was essential to take a long-term view of what could be accomplished. President Sklar also formally requested that staff prepare and submit a report on the SFPUC contractual obligations related to providing power at the Airport and further asked that the actual contracts be available for review. In response the General Manager proposed that

the City Attorney's Office prepare a memo to the Commissioners on this matter.

7. Report of the General Manager

a) Water System Improvement Program (WSIP) Report

Deputy General Manager Tony Irons began with a brief update reporting the successful on schedule progress with the critically important Hayward Fault seismic upgrade project. Mr. Irons then noted that the WSIP in general was progressing well on schedule and on budget and that the Board of Supervisors was expected to approve the next funding increment the following day. Mr. Irons then discussed a timeline for the Power Program requested by Commissioner Werbach proposing to return in late Spring to seek policy direction from the Commission after more needed information had been gathered and analyzed with final approval in mid-summer. Commissioner Werbach observed that the entire program should be considered by working backward from where the SFPUC would ideally like to see itself in renewable power generation in twenty-five years. Commissioner Werbach also asked if our planning was being coordinated with other city agencies energy plans. In response to questions from Vice President Brooks, Mr. Irons outlined the process and difficulties involved in managing the mandated environment review (EIR) process for the Program in conjunction with the Department of City Planning and discussed ways this process could be synchronized with the SFPUC staff schedule as well as expedited.

b) Low Impact Development (LID) Initiative Update

Ms. Arleen Navarette, Regulatory Manager for the Wastewater program presented a detailed slide presentation (copy attached) outlining the Department's extensive and ongoing efforts through the Sewer Master Plan to implement low impact development across the City and through its use mitigate winter storm water flow impact on the City's combined sewer system. Ms. Navarette outlined Regulatory Specialist Rosy Jencks detailed research efforts to learn from the LID successes of other communities in North America and Europe to identify better ways to manage our valuable storm water resources and to integrate this effort into the staff overall system wide planning. In response to questions by Vice President Brooks concerning use of permeable materials for city paving work, Ms. Navarette discussed where and when that might be appropriate as part of our overall LID Program. Responding to questions from Commissioner Caen, Ms. Navarette described each of the LID projects illustrated in the examples in her slide presentation. Ms. Leal reported that when citywide modeling was completed that staff would have a better picture of how to develop the Master plan in this respect. President Sklar commended the presentation and requested that staff meet with Commissioner Werbach in the near future to come up with a short list of immediately possible LID projects. Commissioner Werbach expressed great satisfaction with the progress and efforts being made in this area and looked forward to moving forward with a program. Ms. Leal responded that she was coordinating with the General Managers of other major city departments to pull together a formalized process to implement these concepts citywide. Commissioner Werbach remarked that LID was nothing really new but just relearned sustainable methods previously used and sometimes forgotten throughout history and that there was sure to be a significant cost benefit to putting them to use now. In conclusion President Sklar asked staff to bring forward any proposals that were ready to the upcoming FY 2007-2008 budget process so that they could get underway right away next fiscal year.

c) Meter Reading Technology

Ms. Leal called the Commissioners' attention to a staff report on meter reading technologies which they had requested that was included in their agenda materials on improvements in meter reading and asked that the Commissioners study the report and ask staff any questions that might arise. Ms. Leal suggested that improvements were actively under consideration and more information would be brought forward as plans matured.

d) Climate Change Summit Update

Ms. Leal brought the Commissioners up to date on plans for a two day Climate Change Summit of coastal cities scheduled for January 31 and February 1, 2007 at the Yerba Buena Center. Ms. Leal urged that the Commissioners participate and noted that it was her expectation after the scientific and technical presentations on the first day, that the second day would largely be devoted to considering steps that could be taken to implement action plans responsive to the scientific data reported.

e) Treasure Island Electric Cable Update

Ms. Leal informed the Commissioners of the good news that the actual bids for the replacement of the Treasure Island submarine cable came in lower than expected and that therefore the PUC financial exposure in support of the Treasure Island Development Authority (TIDA) was even less than anticipated.

f) Federal Legislative Update

Assistant General Manager of External Affairs Laura Spanjan introduced SFPUC federal Issues lobbyist Daryl Owen who gave the Commissioners an overview of the impact and his expectations of changes likely to result from the favorable shift in power

in both houses of Congress. In response to Commission questions, Mr. Owen discussed the likely benefits from the change in House and Senate Committee chairs and noted that he believed that previous Hetch Hetchy related Initiatives supported by former Congressman Pombo are no longer going to be under consideration.

8. Bay Area Water Supply & Conservation Agency (BAWSA) General Manager Report.

a) General Manager Arthur Jensen reported that he had recovered and returned to full activity. Mr. Jensen noted that BASCWA was closely following development in the SFPUC Water System Improvement Program and looked forward to bringing issues of interest and concern to BASCWA to the Commissioners. Mr. Jensen requested that his report be returned to its usual monthly regularity.

CONSENT CALENDAR

9. Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt items (a-e) listed under the Consent Calendar; passed (5-0) unanimously.

a) Resolution No. 07-0001: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-395, Southeast Water Pollution Control Plant Building 850, HVAC and Office Improvements, in the amount of \$974,996, to the lowest, qualified, responsible and responsive bidder, LC General Engineering & Construction, Inc.

b) Resolution No 07-0002: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-367, Parker and 17th Avenues/McAllister Street Sewer Replacement, by Harty Pipeline, for a total contract amount of \$620,967.91, and authorize final payment, in the amount of \$86,633.66, to the contractor.

c) Resolution No 07-0003: Ratify the Declaration of Emergency made by the General Manager of the San Francisco Public Utilities Commission, dated December 20, 2006, and approved by the President of the Commission to repair the existing sewer on Stanyan Street from Belgrave Avenue to Clarendon Avenue.

d) Resolution No. 07-0004: Approve Modification No. 1 to Water Enterprise, Hetch Hetchy Repair and Replacement Program-funded Contract No. HH-918, Tuolumne River Channel Improvement, with On Grade Contracting, for a time extension of 21 consecutive calendar days for total contract duration of 96 consecutive calendar days.

e) Resolution No. 07-0005: Approve the plans and specifications and award Water Enterprise Water System Improvement Program-funded, Contract No. WD-2491, Ingoing Road Overlay Phase 2, in the amount of \$847,467, to the lowest qualified, responsible and responsive bidder, NTK Construction, Inc.

REGULAR BUSINESS

10. Discussion of the establishment of a San Francisco Public Utilities Commission Policy concerning media communications.

Following a brief discussion among the Commission this item was continued to the January 23rd meeting to allow Vice President Brooks and Commission Caen additional time to complete and disseminate a recommended text for this proposed Policy.

11. Discussion and possible action related to authorize a utility agreement (for construction of pipeline casings) with the City of Fremont for an amount not to exceed \$4,000,000, at the former Irvington Pumping Plant site. (continued from December 12, 2006, Regular meeting).

Moved by President Sklar, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0006: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Utility Agreement with the City of Fremont for an amount not to exceed \$4,000,000 (and with a duration of twenty four (24) months) which will allow the City of Fremont to construct for SFPUC pipeline casings at the former Irvington Pumping Plant site as part of the City of Fremont Union Pacific Railroad Grade Separation Project.

12. Discussion and possible action related to authorize a Memorandum of Agreement with the United States Department of the Interior, National Park Service – Yosemite National Park, to provide for the security of O'Shaughnessy Dam.

Following questions posed by Commissioner Caen, the Commission decided to postpone action on Agenda Item 12 until after a related discussion in Closed Session.

CONSTRUCTION CONTRACTS**Award**

13. Discussion and possible action related to award Contract No. WD-2476, East-West Transmission Main in the amount of \$19,929,348.

Moved by Commissioner Caen seconded by President Sklar, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0008: Approve the plans and specifications and award Water Enterprise Water System Improvement Program-funded Contract No. WD-2476, East-West Transmission Main, in the amount of \$19,929,348, to the lowest, qualified, responsible and responsive bidder, Ranger Pipelines Incorporated. East West Transmission Main has Local Water WSIP Pipeline Project which connects Alemany Pump Station to Sunset distribution zone in the City.

14. Discussion and possible action related to rescinding Resolution No. 06-0142, adopted by the Commission on September 12, 2006, awarding Contract No. DB-113, Fuel Cell Energy Plant at Southeast Water Pollution Plant to Alliance Power, Inc., and for contractor licensing purposes awarding DB-113R Contract to Otto H. Rosentreter Company.

Moved by Commissioner Werbach seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0009: Rescind Resolution No. 06-0142, adopted by the Commission on September 12, 2006, awarding Contract No. DB-113, Fuel Cell Cogeneration Renewable Energy Plant at Southeast Water Pollution Control Plant, a 1-year design-build agreement (DBA) for turnkey design and construction of a 600 kW molten carbonate fuel cell energy generation plant and a 5-year operation and maintenance agreement in the amount not to exceed \$2,200,000, to Alliance Power, Inc.

Award Power Enterprise Fuel Cell Program-funded Agreement No. DB-113R, Fuel Cell Cogeneration Renewable Energy Plant at Southeast Water Pollution Control Plant for the above-referenced agreements to Otto H. Rosentreter Company; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute design build and maintenance agreements with Otto H. Rosentreter Company for an amount not to exceed \$2,200,000, and with a total duration of six years. Both Alliance and Rosentreter have concurred with this contract arrangement with approval of the City Attorney's Office.

PROFESSIONAL SERVICE CONTRACTS**Award**

15. Discussion and possible action related to approve Agreement No. CS-850, the selection of Edelstein and Gilbert for State Legislative Representation and Advocacy Services for the San Francisco Public Utilities Commission (SFPUC).

Moved by Commissioner Normandy seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0010: Approve the selection of Edelstein and Gilbert for Agreement No. CS-850, State Legislative Representation and Advocacy Services for the San Francisco Public Utilities Commission (SFPUC), to provide state legislative representation and advocacy services for the SFPUC for an amount not to exceed \$200,000 per year for three (3) years with an option to extend the agreement for two (2) additional years at the Commission's discretion, and authorize the General Manager to negotiate and execute a professional services agreement.

The Commission took a brief recess at 3:05 P.M. and return to session at 3:15 P.M.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

No public comment was offered.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Caen to assert the attorney-client privilege; passed (5-0) unanimously.

The Commission Secretary then read the list of items to be addressed during the Closed Session.

The Commission went into Closed Session at 3:19 P.M.

18. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Chief of Security Greg Suhr, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.;

Filed November 1999.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) (Mueller)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Anticipated Litigation: As Plaintiff.

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Moved by Commissioner Normandy seconded by Commissioner Caen, to adopt the following resolution; passed (5-0)

unanimously.

Resolution No. 07-0011: Lopez-Medina et al. v. City & County of San Francisco et al. San Francisco Superior Court Case No. 431-297

City Law File No. 050078, Filed May 12, 2004.

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Moved by Commissioner Normandy seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0112: Kiyoka Yukimoto

Claim No. 07-00883, Filed October 10, 2006

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Berkowitz)

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Legal Counsel Noreen Ambrose, Deputy City Attorney Stephanie Gleason and Commission Secretary Michael Housh.

Moved by Commissioner Normandy seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0013: Hattie Finn-Carter v. City & County of San Francisco et al. CA Northern District Court Case No. 06-1067

City Law File No. 050078, Filed February 13, 2006

27. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd)

APN 96-375-009

Pursuant to Government Code Section 54956.8 and Sunshine Ordinance Section 67.8 (a)(2), RFP Respondents - Oliver de Silva Inc., Santa Clara Sand and Gravel Company d/b/a CEMEX, LLC (Teichart Inc.), and TSV Properties.

Present were President Sklar, Vice President Brooks, Commissioner Normandy, Commissioner Caen, Commissioner Werbach, General Manager Susan Leal, Deputy General Manager Tony Irons, Assistant General Manager Laura Spanjian, Assistant General Manager of Water Michael Carlin, Real Estate Manager Gary Dowd, Natural Resources Manager Tim Ramirez, Legal Counsel Joshua Milstein, Economic Planning Systems staff Walter Kieser and Becca Benassini, Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

The Commission reconvened in open session at 4:29 P.M.

28. Announcement following Closed Session.

Vice President Brooks announced that on items 18, 19, 20, 21, 22, 23, and 27 there was no action and that Items 24, 25, and 26 had been approved.

29. Motion regarding whether to disclose the discussions during Closed Session.

Moved by President Sklar, seconded by Commissioner Caen not to disclose the discussions during Closed Session; passed (5-0) unanimously.

The Commission then took up Agenda Item 12 that had been postponed until after a related discussion in closed session.

12. Discussion and possible action related to authorize a Memorandum of Agreement with the United States Department of the Interior, National Park Service – Yosemite National Park, to provide for the security of O'Shaughnessy Dam.

Moved by President Sklar, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0007: Authorize the General Manager of the San Francisco Public Utilities Commission to execute, on behalf of the City and County of San Francisco, a Memorandum of Agreement with the United States Department of the Interior, National Park Service – Yosemite National Park, to provide for the security of Hetch Hetchy Project facilities, including O'Shaughnessy Dam, and associated infrastructure that is located within Yosemite National Park, with a duration of 5 years.

There being no further business to discuss, the meeting was adjourned at 4:31 P.M.

Michael Housh
Commission Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTD_ID/369/C_ID/3323

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, January 23, 2007
11:30 A.M.

NOTE DIFFERENT START TIME

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ryan L. Brooks, Vice President
The Honorable E. Dennis Normandy
The Honorable Ann Moller Caen
The Honorable Adam Werbach

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

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Lobbyist Registration and Reporting Requirements

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Discussion and possible action relating to the election of President and Vice President.
4. Approval of Minutes
 - a) Minutes of the January 9, 2007, Regular Meeting
5. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

PUBLIC HEARING

6. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2007-2008. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing.) These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Michael Housh, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

Staff Recommendation: For discussion only. This item is proposed for continuance to January 25, 2007, at 11:30 A.M. (1155 Market Street, Room 402); January 29, 2007, at 11:30 A.M. (1155 Market Street, Room 402) and February 6, 2007, at 11:30 A.M. (1155 Market Street, Room 402.)

At **1:30 P.M.** following the 1st FY 2007-2008 San Francisco Public Utilities Commission Budget Hearing the regular business of the Commission will be taken up.

7. Communications
8. Other Commission Business
9. Report of the General Manager
 - a) Water System Improvement Program/Capital Programs (Irons)
 - b) Update Energy efficiency project with the Port of San Francisco (Hale)

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

REGULAR BUSINESS

10. Discussion and possible action to approve a San Francisco Public Utilities Commission Policy concerning media communications.

Staff Recommendation: The San Francisco Public Utilities Commission intends to establish policy regarding media communications in certain circumstances; now, therefore, be it resolved, it shall be the policy of the San Francisco Public Utilities Commission that no press advisory be released nor press conference be initiated concerning an action pending before the Commission within an ensuing 30-day period without prior advice of such action to the President of the Commission; and, be it further resolved, that the requirements of this policy notwithstanding, the General Manager may issue statements and initiate or participate in press conferences relating to matters within the jurisdiction of the Public Utilities Commission and consistent with the Charter authority of the General Manager as the General Manager deems appropriate without such prior consultation.

11. Discussion and possible action related to approve No. CS-802A, Environmental Analysis Services – Cross Connection Controls. (Torrey)

Staff Recommendation: Approve Amendment No. 1 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-802A, Environmental Analysis Services – Cross Connection Controls, with SRT Consultants to provide environmental document

scoping, environmental field studies and alternatives analysis, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$200,000, for a total agreement amount of \$600,000.

REAL PROPERTY TRANSACTIONS

12. Discussion and possible action related to adoption of the Revised Right of Way Encroachment Removal Policy. *(Dowd)*

Staff Recommendation: Adopt amendments to the existing Right of Way Encroachment Removal Policy; and direct staff to integrate this revised Policy into its management, planning, and operation of the SFPUC system.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to award Contract No. HH-923, (Job Order Contract) Pipeline Repair and Associated General Engineering and Construction Services, San Joaquin Region. *(Fine)*

Staff Recommendation: Approve the plans and specifications and award Water System Improvement Program-funded Contract No. HH-923, (Job Order Contract) Pipeline Repair and Associated General Engineering and Construction Services, San Joaquin Region, in the amount of \$3 million and with a duration of two years (with an additional one-year option period and with an additional \$1.5 million pending Commission approval, for a total potential contract amount of \$4.5 million), to the lowest, qualified, responsible and responsive bidder, Sierra Mountain Construction.

14. Discussion and possible action related to Contract No. WD-2534, (Job Order Contract) General Construction Services, San Francisco/Peninsula. *(Fine)*

Staff Recommendation: Approve the plans and specifications and award Enterprise-funded Contract No. WD-2534, (Job Order Contract) General Construction Services, San Francisco/Peninsula, in the amount of \$3 million and with a duration of two years, to the lowest, qualified, responsible and responsive bidder, Power Engineering Contractors, Inc.

15. Discussion and possible action related to Contract No. WD-2533, (Job Order Contract) General Construction Services, San Francisco/Peninsula. *(Fine)*

Staff Recommendation:

Approve the plans and specifications and award Enterprise-funded Contract No. WD-2533, (Job Order Contract) General Construction Services, San Francisco/Peninsula, in the amount of \$3 million and with a duration of two years, to the lowest, qualified, responsible and responsive bidder, Yerba Buena Engineering

PROFESSIONAL SERVICE CONTRACTS

Award

16. Discussion and possible action related to approval of Amendment No. 1 to Agreement Nos. CS-729A and CS-729B, Financial Advisory Services, with, respectively, Montague DeRose & Associates, LLC, and Kitahata & Company. *(Ostberg)*

Staff Recommendation:

Approve Amendment No. 1 to Agreement Nos. CS-729A and CS-729B, Financial Advisory Services, with, respectively, Montague DeRose & Associates, LLC, and Kitahata & Company to exercise the optional two-year renewal of the contract after the first three years; and authorize the General Manager of the San Francisco Public Utilities Commission to execute these amendments, increasing each agreement by \$350,000, for a total aggregate amount of \$850,000, and with a time extension of 730 consecutive calendar days, for a total agreement duration of five (5) years for each agreement.

17. Discussion and possible action related to approve Agreement No. CS-851, the selection of Federal Legislative Representation and Advocacy Services for the San Francisco Public Utilities Commission (SFPUC). *(Spanjian)*

Staff Recommendation:

Approve the selection of Daryl Owen Associates; award General Manager's Office Budget-funded Agreement No. CS-851, Federal Legislative Representation and Advocacy Services, to provide federal legislative representation and advocacy services for the San Francisco Public Utilities Commission; and authorize the General Manager to negotiate and execute a professional services agreement for an amount not to exceed \$250,000 per year for three years with an option to extend the agreement for two additional years at the Commission's discretion.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) *(Mueller)*

Anticipated Litigation: As Plaintiff

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(b)(c). *(Ambrose)*

Anticipated Litigation: As Plaintiff

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) *(Ambrose)*

Anticipated Litigation: As Defendant

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

27. Announcement following Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

Notice of Cancellation

The special San Francisco Public Utilities
Commission Meeting scheduled for
11:30 A.M January 23, 2007 at
1155 Market Street has been

Cancelled

A regular San Francisco Public Utilities
Commission meeting will

Be held on January 23, 2007
beginning at 11:30 A.M
in Room 400 City Hall

Special San Francisco Public Utilities Commission
FY 2007 - 08 Budget Meetings are set for:

Thursday, January 25, 2007

Monday, January 29, 2007

Tuesday, February 6, 2007

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City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

SPECIAL MEETING

Thursday, January 25, 2007
11:30 A.M.

NOTE DIFFERENT START TIME & LOCATION

1155 Market Street, Room 402

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COMMISSIONERS

The Honorable Richard Sklar, President
The Honorable Ryan L. Brooks, Vice President
The Honorable E. Dennis Normandy
The Honorable Ann Moller Caen
The Honorable Adam Werbach

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

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Lobbyist Registration and Reporting Requirements

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

PUBLIC HEARING

4. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2007-2008. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing.) These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Michael Housh, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103. (Continued from the Special Meetings of January 23, 2007.)

Staff Recommendation:	For discussion only. This item is proposed for continuance to January 29, 2007, at 11:30 A.M. (1155 Market Street, Room 402) and February 6, 2007, at 11:30 A.M. (1155 Market Street, Room 402). If the Budgets are adopted on January 29, 2007, the final scheduled budget hearing will be cancelled.
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ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

SPECIAL MEETING

Monday, January 29, 2007

11:30 A.M.

NOTE DIFFERENT START TIME & LOCATION

1155 Market Street, Room 402

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

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DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
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External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

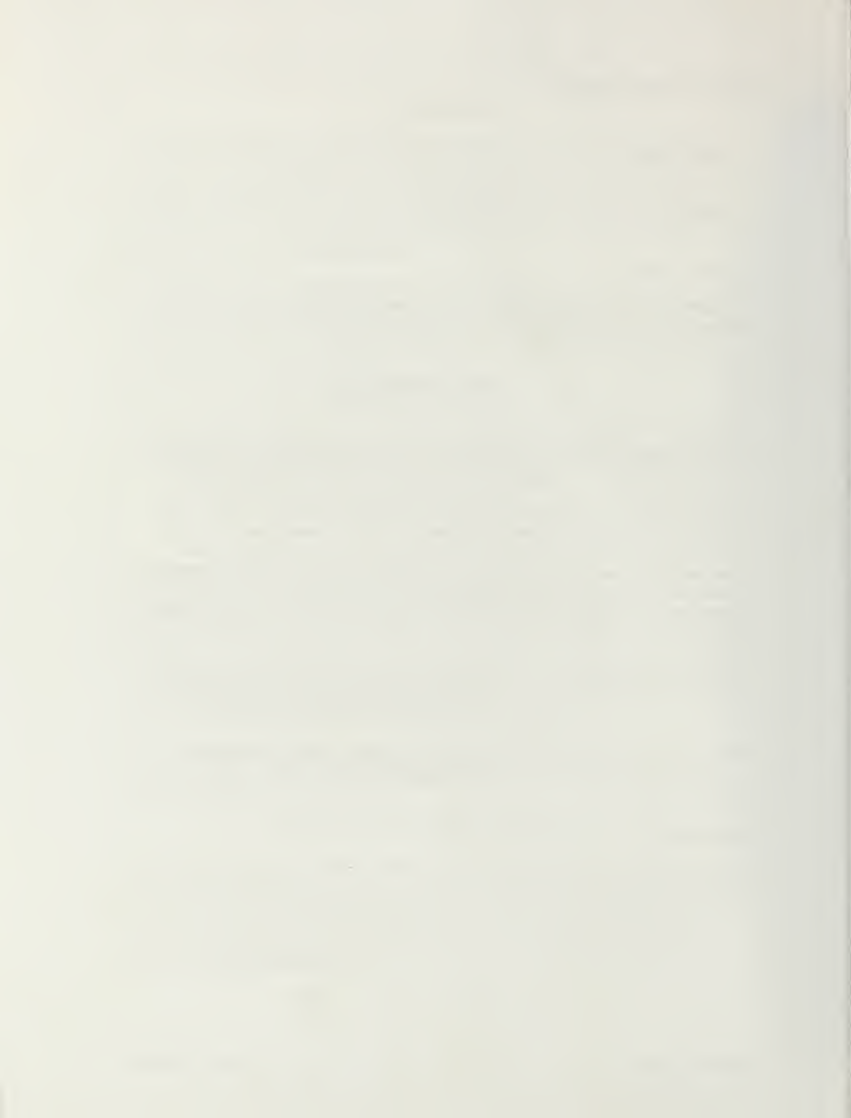
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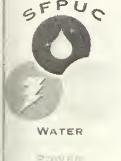
PUBLIC HEARING

4. Public Hearing to consider budget proposals for the Operating and Capital Budgets for the enterprises and bureaus under the jurisdiction of the San Francisco Public Utilities Commission for FY 2007-2008. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing.) These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to: Michael Housh, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103. (Continued from the Special Meetings of January 23, 2007, and January 25, 2007.)

- Staff Recommendation:
- a) Adopt the proposed Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2006-2007.
 - b) Continue the Public Hearing to the Special Meeting of February 6, 2007.

ADJOURNMENT





GAVIN NEWSOM
MAYOR

RYAN L. BROOKS
RESIDENT

ANN MOLLER CAEN
VICE PRESIDENT

DENNIS NORMANDY
ADAM WERBACH
RICHARD SKLAR

USAN LEAL
GENERAL MANAGER

NOTICE OF CANCELLATION

The Special Budget Meeting of the San Francisco Public Utilities Commission scheduled for

Tuesday, February 6, 2007, at 11:30 A.M.,
at 1155 Market Street, Room 402

has been **cancelled.**

If you have any questions, please call Michael Housh, Commission Secretary, at (415) 554-3165.

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CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

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AGENDA
REGULAR MEETING

Tuesday, February 13, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
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Susan Leal
GENERAL MANAGER

Michael Housh
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Lobbyist Registration and Reporting Requirements

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

- a) Minutes of the January 23, 2007, Regular Meeting
- b) Minutes of the January 25, 2007, Special Meeting
- c) Minutes of the January 29, 2007, Special Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

- a) Resolution for Retirement John Shultz
- b) Water System Improvement Program/Capital Programs (Irons)
- c) Owner Controlled Insurance Program/Insurance Issues (Kelly)
- d) Climate Change Summit Update (Carlin)

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

- a)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

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CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
 - a) Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-377, Southeast Water Pollution Control Plant Booster Pump Station Ventilation Modification, in the amount of \$303,230, to the lowest, qualified, responsible and responsive bidder, LC General Engineering & Construction, Inc.

REGULAR BUSINESS

10. Discussion and possible action concerning utilization of the Public Utilities Commissioners' office space at 1155 Market Street.
11. Discussion and possible action related to adopt the proposed FY07-08 Enterprise Operating Budgets. (MacDonald)

Staff Recommendation:	a) Adopt the proposed Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2007-2008.
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12. Discussion and possible action related to adopt the proposed FY07-08 Enterprise Capital Improvement Budgets. (MacDonald)

a) Adopt the proposed Capital Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2007-2008.

13. Discussion and possible action related to authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to negotiate final terms and enter into an MOU with the San Mateo County Resource Conservation District. (Ramirez)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to negotiate final terms and enter into a Memorandum of Understanding (MOU) with the San Mateo County Resource Conservation District for disbursement and allocation of State Water Resources Water Control Board grant funds and SFPUC matching funds.

14. Discussion and possible action related to authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to enter into an MOU with Pilarcitos Creek Restoration Workgroup. (Ramirez)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission to enter into a Memorandum of Understanding with the other members of the Pilarcitos Creek Restoration Workgroup to develop an Integrated Watershed Management Plan that balances all of the beneficial uses of available water resources in the Pilarcitos Creek watershed.

REAL PROPERTY TRANSACTIONS

15. Discussion and possible action related to adoption of the Revised Right of Way Encroachment Removal Policy. (Continued from the January 23, 2007, Regular meeting.) (Dowd)

Staff Recommendation: Adopt amendments to the existing Right of Way Encroachment Removal Policy; and direct staff to integrate this revised Policy into its management, planning, and operation of the SFPUC system.

16. Discussion and possible action related to authorize the General Manager of San Francisco Public Utilities Commission (SFPUC) to execute, on behalf of the City and County of San Francisco, an MOU with the San Francisco Municipal Transportation Authority.

Staff Recommendation: Authorize the General Manager of San Francisco Public Utilities Commission (SFPUC) to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with the San Francisco Municipal Transportation Authority which will allow the SFPUC access to construct, install, operate and repair the new East-

West Pipeline, the future Balboa Reservoir Outlet Pipeline, and the existing 36-inch Crosstown Pipeline.

17. Discussion and possible action related to authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute an MOU with the City and County of San Francisco Recreation and Park Department (Rec. & Park). (Dowd)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with the City and County of San Francisco Recreation and Park Department (Rec. & Park) which will allow the SFPUC to replace a deteriorating water transmission line located in Golden Gate Park with a new 30-inch water transmission main within an alignment agreed to by Rec. & Park and the SFPUC from Fulton at 6th Avenue to Lincoln Way at 7th Avenue.

CONSTRUCTION CONTRACTS

Close

18. Discussion and possible action related to Contract No. WD-2372 in the amount of \$14,572,070.86, Hetch Hetchy Water Treatment Project – Sunol Valley and Harry Tracy Chloramination Facilities. (Dessaure)

Staff Recommendation: Accept work performed by Shimmick Construction and Homer J. Olsen, Inc. a joint venture for Water Enterprise A & B Bond-funded Contract No. WD-2372, Hetch Hetchy Water Treatment Project – Sunol Valley and Harry Tracy Chloramination Facilities, for a total contract amount of \$14,572,070.86; and with a total contract duration of 1059 consecutive calendar days; and authorize final payment, in the amount of \$38,817.53, to the contractor.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.
20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.
22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.
23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.
24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.
25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.
26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) (Mueller)

Anticipated Litigation: As Plaintiff.
27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Anticipated Litigation: As Defendant (2 cases)

28. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Existing Litigation: San Francisco Bay Area Rapid Transit District v City and County of San Francisco, et al., Alameda County Superior Court Case No. HG03099024, filed May 30, 2003.

29. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

Existing Litigation: Daniel Payne and Julia Fong
Case No. 07-00058 / 06-W-0086-15, Filed July 10, 2006

30. Public Employee Performance Evaluation – Pursuant to Government Code 54957.
Position: Assistant General Manager.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

31. Announcement following Closed Session.

32. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, February 27, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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FEB 22 2007

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COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the February 13, 2007, Regular Meeting
4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.
5. Communications
6. Other Commission Business
7. Report of the General Manager
 - a) Water System Improvement Program/Capital Programs (Irons)
 - b) Speaker Pelosi's Climate Change Roundtable (Spanjian)
 - c) 525 Golden Gate Update (Irons)
 - d) Review of the Emergency Response Plan (Suhr)
8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report
 - a)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

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- a) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-408, 2nd / 4th / 5th / 12th Avenues Sewer Replacement, in the amount of \$2,035,370, to the lowest, qualified
- b) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise 5-year CIP-funded Contract No. WW-444, Justin Drive/Marietta Avenue/Del Vale Avenue Sewer Improvement and Pavement Renovation, in the amount of \$1,130,569, to the lowest, qualified, responsible and responsive bidder, D'Arcy and Harty.
- c) Staff Recommendation: Approve the plans and specifications and award Water Enterprise Water System Improvement Program-funded Contract No. WD-2495, Fulton Street at 6th Avenue 30-Inch Water Main Replacement and 16-Inch Ductile Iron Main Installation, in the amount of \$2,658,065, to the lowest, qualified, responsible and responsive bidder, Ranger Pipelines, Inc.
- d) Staff Recommendation: Approve the plans and specifications and award Contract No. WD-2510, Adit Leak Repairs at Crystal Springs, Calaveras and San Antonio Dams Outlet Towers, in the amount of \$1,689,913 to the lowest, qualified, responsible and responsive bidder, NTK Construction, Inc.
- e) Staff Recommendation: Accept work performed for Hetch Hetchy Water and Power, Contract No. HH-915, San Joaquin Valve House Facility Upgrades, by Yerba Buena Engineering & Construction, Inc., for a total contract amount of \$342,385.08; approve Modification No. 2 (Final) for a time extension of 21 consecutive calendar days and a total contract duration of 141 consecutive calendar days; and authorize final payment, in the amount of \$11,785.08, to the contractor.

REAL PROPERTY TRANSACTIONS

10. Discussion and possible action related to approve a one year and one month lease with one five (5) year extension option for office space located on the 3rd floor at 1145 Market Street.
(Reiter)

Staff Recommendation: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve a one year and one month lease with one five (5) year extension option for office space located on the 3rd floor at 1145 Market Street comprising approximately 13, 098 square feet.

CLOSED SESSION

11. Public comments on matters to be discussed in Closed Session.
12. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

13. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

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Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) (Mueller)

Anticipated Litigation: As Plaintiff.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Anticipated Litigation: As Defendant

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

20. Announcement following Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

Secretary, SFPUC
City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

RETURN SERVICE REQUESTED





SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554-3488



NOTICE OF CANCELLATION

SAVIN NEWSOM
MAYOR

RYAN L. BROOKS
PRESIDENT

ANN MOLLER CAEN
VICE PRESIDENT

DENNIS NORMANDY
DAM WERBACH
RICHARD SKLAR

JUSAN LEAL
GENERAL MANAGER

The regular Meeting of the San Francisco Public Utilities
Commission scheduled for

Tuesday, March 13, 2007, at 1:30 P.M.,
At City Hall, Room 400

has been **cancelled.**

If you have any questions, please call Michael Housh,
Commission Secretary, at (415) 554-3165.

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Posted March 9, 2007

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

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1:30 P.M.
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The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

- a) Minutes of the February 27, 2007, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

- a) Kerwin Chan Retirement Resolution
- b) Water System Improvement Program/Capital Programs (Irons)
Wastewater Plan Updates
- c) Rates Update (MacDonald)
- d) 525 Golden Gate Update (Irons)
- e) Sustainability Plan Update (Spanjian)
- f) Renaming the Agency - Discussion and possible action (Spanjian)

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

- a) Comments from the March 15, 2007 BAWSCA Board meeting.

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- a) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-403 Oceanside Water Pollution Control Plant and Westside Pump Station Electrical Preventive Maintenance, by Electrical Reliability Services, Inc., approve Modification No. 2 (Final), for a time extension of 31 consecutive calendar days for a total contract duration of 106 consecutive calendar days; with a total contract amount of \$126,791.32, and authorize final payment, in the amount of \$12,679.42, to the contractor.
- b) Staff Recommendation: Accept work performed for Wastewater Enterprise 5-year CIP Program-funded Contract No. WW-406, Shotwell and 18th Street Sewer Drainage Improvement, by NTK Construction; approve Modification No. 6 (Final) for a time extension of 29 consecutive calendar days for a total contract duration of 294 consecutive calendar days, and with a total contract amount of \$4,955,393.68; and authorize final payment, in the amount of \$247,769.68, to the contractor.
- c) Staff Recommendation: Accept work performed for the Wastewater Enterprise 5-Year CIP Program-funded Contract No. WW-431, Southeast Water Pollution Control Plant Secondary Clarifier Concrete Coating, by F.D. Thomas Inc.; approve the first and final modification decreasing the contract by \$1,045,839, for a total contract amount of \$1,443,161, and with a time reduction of 327 consecutive calendar days for a total contract duration of 191 consecutive calendar days; and authorize final payment in the amount of \$ 144,316 to the contractor.

- d) Staff Recommendation: Accept work performed for Water Enterprise Revenue Program-funded Contract No. WD-2474, Sunol and Niles Dam Removals, by NTK Construction, approve Modification No. 1 (Final) decreasing the contract by \$108,283 for a total contract amount of \$1,021,517, with a time extension of 21 consecutive calendar days for a total contract duration of 111 consecutive calendar days; and authorize final payment, in the amount of \$15,218 and release of retention in the amount of \$50,315, to the contractor.

REGULAR

10. Discussion and possible action related to authorize the General Manager to enter into and sign on behalf of the SFPUC, the Water System Improvement Program Project Labor Agreement.
(Isen)

Staff Recommendation: Approve the staff report recommending acceptance of the Water System Improvement Program Project (WSIP) Labor Agreement; and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to enter in to and sign, on behalf of the SFPUC, the Water System Improvement Program Project Labor Agreement.

REAL ESTATE

11. Discussion and possible action related to authorize a lease with Sustainable Agriculture Education (SAGE), a non-profit Corporation, located on a portion of Parcel 65 of Alameda County Lands, Sunol, California.
(Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute, on behalf of the City and County of San Francisco, a lease with Sustainable Agriculture Education (SAGE), a non-profit Corporation, for approximately 18 acres of San Francisco Public Utilities Commission (SFPUC) land located on a portion of Parcel 65 of Alameda County Lands, Sunol, California, for the operation of an AgPark.

12. Discussion and possible action related to a lease at 1145 Market Street.
(Dowd)

Staff Recommendation: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve a one year and one month lease renewal with one five (5) year extension option for office space located on the 4th floor at 1145 Market Street, Suite 401 comprising approximately 4,837 square

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13. Discussion and possible action related to a lease at 3801 Third Street. (Dowd)

Staff Recommendation: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve a five (5) year lease with one four (4) year extension option for office space located at 3801 Third Street, Suite 600, comprising approximately 10,740 square feet.

PROFESSIONAL SERVICE CONTRACTS

Award

14. Discussion and possible action related to CS-846, to provide survey and right of way engineering services for the Water System Improvement Program. (Morelli)

Staff Recommendation: Approve the selection of BKF, Inc.; award Water System Improvement Program-funded Agreement No. CS-846, Right Of Way Engineering and Survey Services, to provide survey and right of way engineering services for the Water System Improvement Program; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with BKF, Inc., for an amount not to exceed \$4,000,000 and with a duration of three years.

15. Discussion and possible action related to approve agreement No. CS-847, Right of Way Acquisition Services. (Morelli)

Staff Recommendation: Approve the selection of Associated Right of Way Services (ARWS); award Water System Improvement Program-funded Agreement No. CS-847, Right of Way Acquisition Services, to provide right of way acquisition services; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with ARWS for an amount not to exceed \$2,000,000.00 and with a duration of 3 years.

16. Discussion and possible action related to approve agreement No. CS-853, O'Rourke and Associates Social Marketing Services, Biofuel Program. (Harrison)

Staff Recommendation: Approve the selection of O'Rourke and Associates; award Agreement No. CS-853, Social Marketing Services, Biofuel Program to develop a social marketing campaign designed to engage the public to participate in a waste cooking oil recycling program in San Francisco; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with O'Rourke and Associates for an amount not to exceed \$500,000, and with a duration of 3 years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

17. Discussion and possible action related to approve agreements No. CS-857A – D, T.D. O'Rourke, Edward J. Cording, Dennis C. McCarry, and International Civil Engineering Consultants, Inc. *(Sadden)*

Staff Recommendation: Approve the selection of T.D. O'Rourke, Edward J. Cording, Dennis C. McCarry, and International Civil Engineering Consultants, Inc.; award Agreements No. CS-857 A - D, Independent Technical Advisory Services, to provide technical advisory and consultation services for the New Irvington Tunnel Project in specified fields related to the design and construction of tunnels and associated facilities, including tunnel design, construction, cost estimating, and seismology/geology; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with T.D. O'Rourke, Edward J. Cording, Dennis C. McCarry, and International Civil Engineering Consultants, Inc. for an amount of \$60,000 for each individual agreement and a total not to exceed \$240,000, and with a duration of two years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

Amend

18. Discussion and possible action related to approve Agreement No. CS-687, As Needed Training and Team Building services to Boss Effectiveness Institute (BEI). *(Franza)*

Staff Recommendation: Approve Amendment No. 3 to Agreement No. CS-687, As-Needed Training and Team Building Services, to Boss Effectiveness Institute (BEI) with consultant Brenda Mabry, to enhance teamwork and cooperation within the Wastewater

March 27, 2007

Enterprise (WWE); and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute this amendment increasing the agreement by \$30,000, for a total contract amount of \$225,000, and with a time extension of 365 consecutive calendar days, for a total agreement duration of 1.825 consecutive calendar days.

19. Discussion and possible action related to approve CS-704, Harry Tracy Water Treatment Plant (HTWTP) Filter Design and Study, with MWH-Lee Joint Venture to authorize Phase 2 Design and Engineering Construction. *(Huey)*

Staff Recommendation: Approve Amendment No. 1 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-704, Harry Tracy Water Treatment Plant (HTWTP) Filter Design and Study, with MWH-Lee Joint Venture to authorize Phase 2 Design and Engineering Construction Support for the remaining eight filters; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$624,911, for a total agreement amount of \$999,911, and with a time extension of 3 years, for a total agreement duration of 6 years.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.
21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

22. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

27. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Margolis*)

Existing Litigation: Jane Martin et al. v City and County of San Francisco, et al., San Francisco Superior Court No.436930
Filed August 23, 2004.

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10 (d) (2)

(*Mueller*)

Anticipated Litigation: As Plaintiff.

29. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10 (d) (2)

(*Mueller*)

Anticipated Litigation: As Plaintiff.

30. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(b). (*Ambrose*)

Anticipated Litigation:

31. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (*Haase*)

Existing Litigation: Buddy Prieto/Conrad M. Corbett, Esq.,

32. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Ambrose)

Existing Litigation: Lucas Chow and Veronica Yu, Claim No. 07-00953
Filed October 16, 2006.

33. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Haase)

Existing Litigation: Kathleen McHugh-Holroyd, Claim No. 07-00437
Filed February 10, 2006.

34. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1). (Ambrose)

Existing Litigation: CCSF, et al, v A. Ruiz Construction and Assoc., Inc., Superior Court No.438325, Filed January 28, 2005.

35. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1). (Ammons)

Existing Litigation: Carl Montgomery, v CCSF, et al., San Francisco Superior Court No. 434032, CityLaw File No. 050450
Filed August 23, 2004.

36. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Norman)

Existing Litigation: Proven Management, Inc.v. CCSF
Tuolumne County Superior Court Case No. 51778
Priest Reservoir Bypass Pipeline Project, SFPUC Contract NO. HH-903; and

CCSF v. Proven Management, et al.
San Francisco County Superior Court – Case No. CGC 05-443632
Baden Valve Lot and Pump Station, SFPUC Contract No. WD-2327
Filed December 15, 2005.

37. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (Mueller)

Anticipated Litigation: As Plaintiff. and as Defendant

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

38. Announcement following Closed Session.

39. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

Secretary, SFPUC
City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

RETURN SERVICE REQUESTED



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, April 10, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

4:10 p.m. *MSF*
DOCUMENTS DEPT.

APR - 6 2007

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the March 27, 2007, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications
6. Other Commission Business

7. Report of the General Manager

- a) Water System Improvement Program/Capital Program Wastewater Plan Updates *(Irons)*
- b) Snow Pack/Water Supply Outlook Report *(Hannaford/Levin)*
- c) Rates Update *(MacDonald)*
- d) Community Choice Aggregation *(Hale)*
- e) C.T. Turbines Update *(Hale)*
- f) Renewables Request for Information (RFI) received *(Hale)*

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-362, Ney Street/St. Mary's Avenue/Cotter Street/Laidley (East) Street Sewer Replacement, by Harty Pipeline, for a total contract amount of \$603,530.76, and authorize final payment, in the amount of \$83,248.18, to the contractor.
- b) Staff Recommendation: Accept work performed for Wastewater Enterprise 5-Year CIP Program-funded Contract No. WW-371, Hunters Point Collection System Odor and Corrosion Control at Griffith Pump Station, by L.C. General Engineering & Construction Inc. approve Modification No. 1 (Final), increasing the contract amount by \$50,133, for a total contract amount of \$412,012, (and with a time extension of 205 consecutive calendar days for a total contract duration of 325 consecutive calendar days;) and authorize final payment, in the amount of \$65,133, to the contractor.

REGULAR BUSINESS

9. Discussion and possible action to approve a Resolution stating the conclusions and recommendations of the SFPUC as to how the Trans Bay Cable project would affect the achievement of San Francisco's energy goals and policies. *(Hale)*

Staff Recommendation: Staff recommends support of the project with conditions. This Resolution would be forwarded to the Board of Supervisors, which will soon be voting to approve or reject a licensing agreement between the Port of San Francisco and Trans Bay Cable. This Resolution would not have any legal effect, but would reflect the SFPUC's position as the City agency best positioned to evaluate city energy needs and policies.

PROFESSIONAL SERVICE CONTRACTS

10. Discussion and possible action related to approve Agreement No. CS-855, Engineering Services for University Mound Reservoir. *(Masri)*

Staff Recommendation: Approve the selection of MWH/Structus Joint Venture; award Water Enterprise Water System Improvement Program (WSIP)-funded Agreement No. CS-855, Engineering Services for University Mound Reservoir, to provide the design for seismic retrofits and related upgrades of the University Mound Reservoir North Basin; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with MWH/Structus Joint Venture for an amount not to exceed \$2,699,809, and with a duration of 48 months, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

CLOSED SESSION

11. Public comments on matters to be discussed in Closed Session.
12. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

13. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

14. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

16. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.;
Filed November 1999.

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10 (d) (2)

(Mueller)

Anticipated Litigation: As Plaintiff.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10 (d) (2)

(Mueller)

Anticipated Litigation: As Plaintiff.

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(b).

(Ambrose)

Anticipated Litigation:

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

Existing Litigation:

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

Existing Litigation:

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

Existing Litigation:

25. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1). (*Ambrose*)

Existing Litigation:

26. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1). (*Ammons*)

Existing Litigation:

27. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Norman*)

Existing Litigation:

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (*Mueller*)

Anticipated Litigation: As Plaintiff, and as Defendant

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

29. Announcement following Closed Session.
30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

Secretary, SFPUC
City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

RETURN SERVICE REQUESTED



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, April 24, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

4/27
The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



1:55 p.m. mst
DOCUMENTS DEPT.

APR 20 2007

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Disability Access

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

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Lobbyist Registration and Reporting Requirements

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the April 10, Regular Meeting
4. Recognition of 35 Year + SFPUC Employees *(Modena)*
5. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.
6. Communications
7. Other Commission Business
8. Report of the General Manager
 - a) Water System Improvement Program/Capital Program *(Irons)*
 - b) Water Conservation and Public Outreach Report *(Levin/Spanjian)*
 - c) Transbay Cable Update (Continued from April 10, 2007) *(Hale)*
9. Rate Fairness Board Presentation)
 - a) Presentation and Staff Report *(MacDonald)*
10. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report
 - a) BAWSCA Update

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE
RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC
UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available
for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street,
11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

11. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by
the San Francisco Public Utilities Commission, and will be acted upon by a single vote of
the Commission. There will be no separate discussion of these items unless a member of the
Commission or the public so requests, in which event the matter will be removed from the
Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair
and Replacement (R&R) Program-funded Contract No.
CW-359 Southeast Water Pollution Control Plant Building
925 No. 2 Water Production Facility Upgrade, by Absolut
Construction Corp., for a total contract amount of
\$1,048,337.79, and authorize final payment, in the amount of
\$52,416.88, to the contractor.
- b) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair
and Replacement (R&R) Program-funded Contract No. CW-
396; 20th Street Pump Station 480V Electrical Service
Upgrade, by MRM Electrical, approve Modification No. 1
(Final) increasing the contract by \$6,203, for a total contract
amount of \$99,203, and with a time extension of 15
consecutive calendar days for a total contract duration of 222
consecutive calendar days; and authorize final payment, in
the amount of \$15,503, to the contractor.

REGULAR BUSINESS

12. Discussion and possible action related to a Memorandum of Agreement with the East Bay
Municipal Utility District, Contra Costa Water District, and Santa Clara Valley Water
District for the continued development and planning of the Bay Area Regional Desalination
Project
(Carlin)

Staff Recommendation: Authorize the General Manager of the San Francisco Public
Utilities Commission (SFPUC) to execute on behalf of the
City and County of San Francisco, a Memorandum of
Agreement with the East Bay Municipal Utility District,
Contra Costa Water District, and Santa Clara Valley Water

District for an amount not to exceed \$250,000 in cash contributions (and with a duration not to exceed 3 years), which will allow for the continued development and planning of the Bay Area Regional Desalination Project; and authorize the East Bay Municipal Utility District, on behalf of all of the partner agencies, to retain the services of a consultant to plan, develop, and operate a Pilot Facility for the Bay Area Regional Desalination Project.

13. Discussion and possible action related to a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network EarthLink has agreed to construct to provide free wireless broadband internet service within the City and County of San Francisco, subject to Board of Supervisor's approval.

14. Discussion and possible action related to authorize the General Manager to submitting a supplemental appropriation to the Board of Supervisors concerning additional funding needed for the Hunters Point Naval Shipyard. *(Hale/Ambrose)*

Staff Recommendation: Request the Commission to authorize the General Manager to request approval of the Mayor and the Board of Supervisors to supplement the spending authority by \$1.86 million of the SFPUC Power Enterprise to fund costs that will be incurred in the current fiscal year related to providing electric services to Hunters Point Naval Shipyard (HPNSY) Parcel A'.

REAL PROPERTY TRANSACTIONS

15. Discussion and possible action to authorize the General Manager of the Public Utilities Commission to Property Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. *(Dowd)*

Staff Recommendation Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to direct staff to enter into negotiation with Oliver de Silva, Inc., as the highest ranked

respondent to the Request For Proposals issued by SFPUC concerning the mining of the 325 acre Sunol Valley Aggregate Quarry site located on a portion of Parcel 65 of Alameda County lands in Sunol Valley to achieve an Exclusive Negotiation Agreement.

16. Discussion and possible action related to authorize two six (6) month extension periods to an Option Agreement pertaining to the sale of property under the jurisdiction of the SFPUC.

(Dowd)

Staff Recommendation:

Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission to execute two six (6) month extension periods to an Option Agreement pertaining to the sale of property between Whisman Road and Tyrella Avenue, located in Mountain View, California, under the jurisdiction of the SFPUC with KMJ Urban Communities, LLC.

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17. Discussion and possible action related to authorize an eighteen (18) month extension to Exclusive Negotiating Agreement (ENA) with Greenbriar Homes Communities. *(Dowd)*

Staff Recommendation:

Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute an eighteen (18) month extension to Exclusive Negotiating Agreement (ENA) with Greenbriar Homes Communities to July 3, 2009.

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CONSTRUCTION CONTRACTS

Award

18. Discussion and possible action related to Contract No. WD- 2535R (Job Order Contract) General Construction Services, San Joaquin Region. *(Carlin)*

Staff Recommendation:

Award Enterprise Operating Budget-funded Contract No. WD-2535R, (Job Order Contract) General Construction Services, San Joaquin Region, in the amount of \$3 million and with a duration of two years (with an additional one-year option period and with an additional \$1.5 million pending Commission approval, for a total potential contract amount of \$4.5 million), to the sole, qualified, responsible and responsive bidder, Vila Construction.

19. Discussion and possible action to approve the plans and specifications and award Wastewater Enterprise 5-Year Capital Improvement Program-funded Contract No. WW-439.
(Franza)

Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise 5-Year Capital Improvement Program-funded Contract No. WW-439 Southeast Water Pollution Control Plant Gas Handling Improvements, in the amount of \$8,447,000, to the lowest, qualified, responsible and responsive bidder, Cal State Constructors, Inc.

20. Discussion and possible action related to Wastewater Enterprise 5-Year CIP-funded Contract No. WW-405, Mission Street and Mt. Vernon Avenue Sewer System Improvement.
(Franza)

Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise 5-Year CIP-funded Contract No. WW-405, Mission Street and Mt. Vernon Avenue Sewer System Improvement, in the amount of \$9,434,510.00, to the lowest, qualified, responsible and responsive bidder, Mountain Cascade Inc.

Amend

21. Discussion and possible action related to Contract No. WD-2489 (University Mound Fence Replacement).
(Kelly)

Staff Recommendation: Approve Modification No. 1 Water Enterprise Water System Improvement Program-funded Contract No. WD-2489 (University Mound Fence Replacement), with D'Arcy & Harty Construction, Inc., increasing the contract by \$186,744.00, for a total contract amount of \$1,311,764.00, and extending the contract by 60 consecutive calendar days, for a total contract duration of 210 days.

PROFESSIONAL SERVICE CONTRACTS

Award

22. Discussion and possible action related to award Agreements No. CS-869 A - C, Independent Technical Advisory Services for the Bay Division Pipeline No. 5 Project. (Sadden)

Staff Recommendation: Approve the selection of T.D. O'Rourke, Douglas J. Nyman—D.J. Nyman & Associates, and Ronald Bianchetti—Blackstone Group; award Agreements No. CS-869 A - C, Independent Technical Advisory Services, to

provide technical advisory and consultation services for the Bay Division Pipeline No. 5 Project in specified fields related to seismic engineering of civil infrastructure networks, structural mechanics analyses of large-diameter pressurized pipe subjected to seismic loading, and corrosion engineering and cathodic protection; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with T.D. O'Rourke, Douglas J. Nyman—D.J. Nyman & Associates, and Ronald Bianchetti—Blackstone Group, for an amount of \$100,000 for each individual agreement and a total not to exceed \$300,000, and with a duration of three years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

23. Discussion and possible action related to Agreements No. CS-870 A-B, Technical Advisory Panel, to provide technical advisement on water treatment, water quality regulations, and managing water treatment facilities
(Sadden)

Staff Recommendation: Approve the selection of Susan Teefy and Gary Logsdon; award Agreements No. CS-870 A-B, Technical Advisory Panel, to provide technical advisement on water treatment, water quality regulations, and managing water treatment facilities; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with Susan Teefy and Gary Logsdon for an amount of \$100,000 for each individual agreement and a total not to exceed \$200,000, and with a duration of three years, or, in the event negotiations are not successful or City requirements are not satisfied, to reject non-responsive responder and re-advertise this request for proposal.

24. Discussion and possible action related to Power Enterprise, Agreement No. CS-872 to provide consulting support, development and maintenance for the Power Enterprise.
(Hale)

Staff Recommendation: Approve the selection of Mountford Group, Inc.; award a professional services agreement for the Power Enterprise, Agreement No. CS-872, DataMart Consulting, Development and Maintenance Services, to provide consulting support, development and maintenance for the Power Enterprise DataMart; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and

execute a professional services agreement with Mountford Group, Inc. for an amount not to exceed \$1,918,900, and with a duration of four years.

CLOSED SESSION

- 25. Public comments on matters to be discussed in Closed Session.
- 26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

- 27. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd)
APN 96-375-009
Pursuant to Government Code Section 54956.8 and Sunshine Ordinance Section 67.8 (a)(2), RFP Respondents - Oliver de Silva Inc., or Santa Clara Sand and Gravel Company d/b/a CEMEX, LLC (Teichart Inc.), or TSV Properties.
- 28. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)
Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.
- 29. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)
Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.
- 30. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)
Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.
- 31. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.;
Filed November 1999.

32. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

33. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

34. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

35. Announcement following Closed Session.

36. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





SAN FRANCISCO Public Utilities Commission

4/24/07 Minutes San Francisco Public Utilities Commission

Published: 05/25/2007 | Updated: 06/18/2007

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MINUTES

Tuesday, April 24, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Gavin Newsom
MAYOR

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY

DOCUMENTS DEPT.

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ORDER OF BUSINESS:

1. Call to Order: 1:37 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Vice President Ann Moller Caen Commissioner E. Dennis Normandy, Commissioner Richard Sklar, and Commissioner Adam Werbach

3. Approval of Minutes

Moved by Commissioner Sklar, seconded by Commissioner Werbach, to adopt the Minutes of the March 27, 2007, Regular Meeting; passed unanimously (AYE 5-0 Brooks, Caen, Normandy, Werbach, and Sklar).

4. Recognition of 35 Year + SFPUC Employees General Manager Susan Leal announced 39 employees, her colleagues at the PUC who had 35 or 35 plus years of capable and dedicated public service to the City. Those to be so honored were: Alexander Mansfield; Arlene Giordano; Bernice Higgins; Calvin Dean; Calvin Bowser; Frank Marino; Gayle Tom; Igris Lembi; Jacquelynn Pritchard; Jennie Lee; John Russo; John Hetzner; John Lee; Joyce Lane; Laura Johnson-Jame; Leo Bauer; Leon Elam; Lourdes Cunanan; Mark Watanabe; Michael Quan; Michael Conroy; Michael Neary; Norman Dickson; Patricia Pendergast; Peter Barrera; Ramona Gonzales; Renee Simoni; Richard Johnson; Robert Sari; Robert Baggetta; Rodney Phillips; Ronald Jetke; Rudy Hernandez; Steve Daniel, Jr.; Timothy Holt; Timothy Deasy; Velma Wise; Victor Amos; and Willy Tsai. Several of these distinguished and dedicated employees who attended the meeting participated in a commemorative photograph with the Commissioners. Human Resources Services Director Michele Modena then informed the Commissioners concerning the distribution of recognition pins to Agency employees with 5 or more years of service in observance of Employee Recognition Week. Ms. Modena also acknowledged that two Commissioners: Vice President Caen with 10 years and Commissioner Normandy also received 14 years recognition. Commissioner Sklar's years of service will also be looked into as he had also previously served as General Manager.

5. Public Comment Ms. Espanola Jackson, Bayview Hunter's Point resident, noted that the impacted neighborhoods were concerned with decisions being made that affect their lives, recalled the community's support for the Water Bond, called the Commissioners attention to the risks inherent in having critical pipelines traversing landfill, and expressed concern about possible salt water intrusions into the water system as a result of climate change. . Mr. Francisco Da Costa, Environmental Justice advocate, commented on the community's discussion of climate change and meeting energy needs of the City and the greater Bay Area, concerning the limitations on our existing water and energy resources and about the potential impact that 2000 units of new housing would have in these areas. Mr. Kimo Crossman discussed his pending Sunshine Ordinance Task Force (SOTF) Complaint against the Agency and suggested severe consequences for the General Manager and Commission President should the PUC not accede to his demands.

6. Communications

There was no discussion.

7. Other Commission Business

It was a consensus of the Commission at the suggestion of Commissioner Sklar, responding to issues raised in a news article he had distributed to his colleagues, that when buying vehicles, SFPUC should make every effort possible to acquire only flex fuel vehicles and in addition to adopting such a vehicle purchase practice it also create a supply mechanism for them by adding a flex fuel pump at the SFPUC's fueling facilities. The Commissioners requested that details of how this might be done be developed by staff and brought back to the Commission. Additionally, Commissioner Sklar requested a report be made to the Commission concerning the Agency's efforts to persuade restaurants to eliminate use of bottled water.

8. Report of the General Manager

President Brooks noted that Agenda Item 13, the Pole Use Agreement, might be taken out of order if a representative of the Mayor arrived to take part in the discussions. General Manager Susan Leal then introduced Deputy General Manager Tony Irons who presented the biweekly WSIP and capital programs update report.

a) Water System Improvement Program/Capital Program Mr. Irons informed the Commissioners concerning three scheduled delays, the first concerning the additional of 30 days for additional public review of the Project Environmental Review (PEIR) at the request of the Board of Supervisors, secondly regarding presentation of the draft drought review being delayed to get complete responses, and thirdly, a two week extension of time was found to be necessary to more fully consider issues and process the risk assessment documents.

b) Water Conservation and Public Outreach Report Assistant General Manager Laura Spanjian reported on the SFPUC's outreach efforts informing system users that as a result of the driest Spring since 1919 that efforts to conserve water should be undertaken immediately and that mandatory limitations might be required by conditions as the year goes forward.

Commissioner Werbach requested that staff consider long range plans to move toward a routine of promotion of conservation rather than responding to incidental dry years along the way when crafting information messages to system users. Ms. Spanjian outlined proposed immediate response actions and reported that long-term conservation as a way of doing business underlies all SFPUC planning in this area. Ms. Leal responding to Commissioner Werbach's observations agreed that a hybrid of both carrot and stick approaches might be needed to encourage fundamental long-term changes in user behavior as well as system infrastructure improvements that promoted conservation. Commissioner Werbach emphasized that all of these kinds of outreach and education as well as SFPUC infrastructure improvements needed to keep a clear focus on addressing needs over the 10 to 20-year outlook as the impact of climate change becomes more evident.

Public Comment:

Ms. Joan Girardot urged that San Franciscans, whose per household use of water was already relatively low, not be asked to sacrifice further. She voiced her concerns that a major source of waste of water is use of inefficient and poorly maintained irrigation systems by the Department of Recreation and Park.

Mr. Francisco Da Costa commented on the waste of water he observed in City Hall rest rooms and asked that conservation efforts start there. He also noted that climate change and energy needs issues should be considered in a holistic manner.

c) Transbay Cable Update (Continued from April 10, 2007) Assistant General Manager of Power Barbara Hale brought the Commissioners up to date on activities related to the proposed Transbay Transmission Cable that had occurred since their previous discussion of this issue on April 10th, highlighting in particular Supervisor Maxwell's resolution requesting further study before this project was approved.

Commissioner Sklar again emphasized that what he would like was clarification from the Independent System Operator (ISO) representative of how approval of the new transmission line would relate to the Commission's desire to close the Potrero Hill power plant and if there was any possible scenario that would allow the City to forgo the planned installation of a combustion turbine (CTs) peaker facility to deal with energy reliability mandates from the Federal authorities.

Mr. Larry Tobias, representing the Independent System Operator (ISO) attempted to explain a complex web of inter-related activities and plans that the Independent System Operator (ISO) was required to coordinate and oversee. Mr. Tobias clarified that he had not wished to give any impression in his previous discussion of this topic before the Commission that the proposed CT installation could in any way be made un-necessary by the increased capacity afforded by the proposed 400 megawatt Transbay transmission cable. Mr. Tobias again emphasized that in the ISO's view these activities were independently

necessary segments of a sequenced series of steps the ISO and federal power authorities found needed to meet anticipated energy needs in San Francisco as well as to guarantee energy reliability should there be system failures.

Commissioner Sklar followed with a series of questions focused on obtaining a clear understanding of how each of these activities related to arriving at the needed levels of energy availability and reliability, while allowing for the elimination of the existing Mirant plant and perhaps in view of the increased energy availability through the transmission line of any need for local generation by the combustion turbines (CT's) as well.

Mr. Tobias responded that as of right now, achieving the mandated levels of reliability and energy availability were based on successful completion of the existing energy plan, including the CTs, followed by development of additional transmission lines to meet an anticipated shortfall. Commissioner Sklar then asked could the proposed transmission line be upgraded from 400 to 500 Megawatts and thereby allowing forgoing installation of the CTs? Mr. Tobias responded, saying no, that additional transmission would be needed, and that it was not just a matter of the size of the Transbay cable but also of additional reinforcement. Mr. Tobias also noted that as we are at the point where we are now going to a larger size at this point would require a complete revision of the plan and then it would not be possible to have capacity in place when the anticipated need arises.

Public Comment:

Mr. Francisco Da Costa noted his 5 years of participation and attendance at all of the stakeholder meetings and said that he was supportive of the Transbay transmission line. Mr. Da Costa noted that by the time the CT's are placed, besides being very polluting, could cause the City to have to deal with restrictions by the Environmental Protection Agency (EPA), whereas with a Transbay transmission line in place the City could phase out the power plant on Potrero.

Ms. Espanola Jackson found very disturbing she had not heard either a yes or no answer to her basic questions, observing that during a lot of the discussion she could not understand even what was being discussed. One of the things she did understand was that the proposed installation of the CT's never came before her community to ask whether or not they wanted them. Ms. Jackson noted that all she had heard was that the P.G. & E. plant would be closed, and when you take toxins out of your backyard, you do not want to see them reappear in the front yard. Ms. Jackson noted the community did not ask for the CT's and did not want them and those opposing the alternative did not represent the neighborhood.

Mr. Joe Boss, Dogpatch/Potrero, noted his neighbors had supported the CT's as the California Independent System Operator had determined that they were needed back in 2002. Mr. Boss continued by observing the SFPUC had created an Electric Resource Plan for San Francisco that was supposed to be updated on a regular basis and that was what Supervisor Maxwell had introduced, an effort to get the plan updated and provide answers. Regarding the Transbay cable, Mr. Boss noted if it was in response to a long-term plan, that there was no demonstrable need for the megawatts it would provide, and in his view it was not needed.

Mr. Kimo Crossman, declined to weigh in on the merits of the topic at hand, but suggested that its proposer explore pulling a fiber line along with it.

President Brooks reminded his colleagues that the item was agendaed for discussion only and that there could be no action taken. Commissioner Sklar observed that there were vast numbers of cities with no generating plants located within the City as they are generally being built out of the City. Commissioner Sklar further noted that building this kind of power plant was outdated and a reason that the CT project went forward was as part of the settlement of a dispute. He noted that when it was agreed to it was not needed, but was offered as a target of opportunity. At that time six years ago, Commissioner Sklar continued, he had agreed to consider doing it because we had plans to develop the city's energy resources and at that time P.G. & E had the ability to shut off our energy.

Commissioner Werbach expressed frustration and applauded Commissioner Sklar's statements; recalling that he was three years into this project and that he believed that history would not look kindly on the Commission if it did not weigh carefully the negative environmental impact of the current plans. Commissioner Werbach noted that the transmission line made sense and would allow time and opportunity to develop large-scale renewable energy resources in the City and that that is what the Agency should instead be doing.

9. Rate Fairness Board Presentation

Assistant General Manager Scott MacDonald presented the staff report on water and waste water rates to be considered for approval at the regular May 8, 2007, Commission meeting. Also presented was a report from the Rate Fairness Board that had been working with staff over the last several months and were in attendance to present their findings to Commission. Mr. MacDonald introduced Ms. Bobbie Brown, Rate Fairness Board member, who briefly described their work and in turn introduced Mr. Howard Ash, Rate Fairness Board Chairman, to present their report. Mr. Ash discussed the creation of the Rate Fairness Board by approval of Proposition C in 2002, and noted that there were currently two unfilled appointments by the

Mayor and the Board of Supervisors. The Board Chairman focused his presentation on the substance of the issues: the first being the cost allocation proposal to look at specific costs and make sure they go to the service charge and everything else be assigned to the water charge, an approach the Rate Fairness Board applauded.

Next Mr. Ash discussed multi residential users, proposing they have a different rate structure, saying Board members felt that would promote conservation. Mr. Ash further clarified this point noting users with high use amounts would pay additionally for those last units. The Rate Fairness Board Chairman reported that staff had identified studies to undertake about this issue as to whether the multi family should be a separate category and that the Board would work with the staff over the coming year to investigate and perhaps recommend changes. Mr. Ash observed that this process would certainly collect a lot of useful data in any event. The Rate Fairness Board Chairman next discussed uniform rates, noting that his Board was awaiting the staff proposal.

Mr. Ash next outlined his Board's concerns about conserving water and identified three issues they considered when analyzing water usage in San Francisco. Mr. Ash noted that the Board had received public comment, especially from owners of multi-owner buildings that had seen increases in their businesses' water and sewer rates and while they were the ones that paid the bills rather than the users but with very limited means to encourage tenants to conserve as they could not pass through the costs of water and sewer rates. Mr. Ash noted options identified to redress this situation as first, individual metering or sub-metering to pinpoint each user's share of costs, and secondly, modifications in rent control ordinances to encourage users to conserve if they had to pay an appropriate share of the water and sewer costs.

Mr. Ash noted these were big issues in San Francisco and his Board would like to see the Commission start a discussion on how to tie usage, rates and conservation more effectively. Mr. Ash next raised the matter of General Fund City Departments paying for their water, estimating the amount involved as being roughly \$4 million next year and urging the Commission to do whatever it could to keep that in place.

Mr. Ash also noted that the Rate Fairness Board agreed with staff recommendations for a capacity charge, and suggested it be considered for the sewer side as well. In addition, Mr. Ash expressed support for low-income assistance. He reported that the Rate Fairness Board planned also to look at a private fire service, as that rate had not changed in 10 years. He also noted related to their review of sewer issues, particularly regarding cost allocation versus costs, that the restructuring of the cost of the sewer enterprise and adjustments staff had made had largely corrected any disparities.

Mr. Ash next discussed the uniform rate, noting that it was just a level increase in the budget capacity charge, reflecting that staffing has gone up because the enterprise has changed as with the capacity on the sewer side. Mr. Ash concluded by again raising the issue of low-income assistance, urging the Commissioners to money for those services. He noted the Rate Fairness Board would continue to work closely with the staff to address issues they had identified, completing his presentation of the Rate Fairness Hearing of May 8, 2007.

Public Comment:

Ms. Joan Girardot, Coalition for San Francisco Neighborhoods, testified the Coalition disagreed with aspects of the proposed theories for conservation noting that while the Coalition had also recommended that the building code be amended to require all residential units to be metered. She indicated they were very unhappy about the proposed combining of block rates. Ms. Girardot noted single-family neighborhoods are opposed to this as arbitrary observing that families with multiple persons on one meter, where every residential unit was metered, using the unit price of a loaf of bread as an analogy, noted one person pays a buck for it the same as for a family. Ms. Girardot commented one person gets to use three units of water a month and if a family of four uses 10 units the tenth unit is double in price when divided by four people and that was actually coming out to 62.5 gallons a day, when the one person was actually using more. She urged the Commissioner to consider this and reconsider that rate structure.

Mr. Sean Pritchard, SFAA, commented that in order to conserve water he believed that we should have the Rent Board, noting that to conserve water and be able to meet our mandates, should look into tenants seeing their water bills so that they do not opt to get these large showerheads. Mr. Pritchard commented this was important and he hoped the Commissioners would take this into consideration.

Mr. Dennis Shea, property owner and landlord, commented one thing he hoped the Commissioners would remember was that in the past, many property owners had conserved water by putting in low flush toilets and stayed with it even after the drought so a lot of these people have a low water rate, and rate changes could penalize them. He also noted as far as our tenants go, that he had provided them with low flow products and if they did not conserve he was still penalized, suggesting that a way be found to help ones that have conserved to be fair.

Ms. Tes Wellborn commented that to address this need to facilitate conservation was a political issue, but she was confident that 60 to 70 percent of people would vote to support conservation and the Commissioners should help on it.

Ms. Barbara Olsen, a landlord, found it curious that there was a Rate Fairness Committee but observed that tenants cannot conserve if they are not shown their own water bill. She reported after she had been audited by the Water Department and informed tenants of the need to conserve, there were no consequences under rent control. Ms. Olsen commented that there had to be a fair way to help and not increase animosity between landlords and tenants and that she hoped Commissioners could help find a solution.

REGULAR BUSINESS

President Brooks took a point of privilege and moved Item 9 and called up Item 13 out of order, noting that this matter was calendared for discussion only and action would be deferred until the next meeting.

13. Discussion and possible action related to a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network.

Continued to the next regular meeting on Tuesday, May 8, 2007.

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network EarthLink has agreed to construct to provide free wireless broadband internet service within the City and County of San Francisco, subject to Board of Supervisor's approval.

Mr. Phil Ginsberg, speaking on behalf of Mayor Newsom, thanked General Manager Leal and her staff for all the work going into the negotiations over past weeks and bringing this before the Commission. Mr. Ginsberg discussed San Francisco's negotiations with Earthlink to create a citywide WiFi network and noted that the significance of this matter was recently underscored in the Controller's City Survey, where the Controller making internet access available to all was of high importance to every demographic group in the City. Mr. Ginsberg pointed out that approval of the pole Agreement was a key step, and while not perfect, it had been exhaustingly negotiated. Next, the City Attorney's Office reported the agreement to be a pretty clear-cut standard agreement and Commission approval of the proposed Pole Agreement was just a step in a process toward the ultimate goal of getting WiFi up as soon as possible.

Public Comment:

Ms. Leslie Rule, KQED, commented that she was dedicated to teaching people how to use technology for learning, and urged the Commission to authorize the agreement, illuminated ways free WiFi would benefit the community urging the Commissioners to support the staff's recommendation. Ms. Rule commented that she understood that a vote could not be taken at this meeting because of the restrictions imposed by the Sunshine Ordinance but found this a back door way to tank this project. Ms. Rule pointed out that the digital divide was huge and must be addressed.

Mr. Kimo Crossman suggested that the way this proposal had been adopted was the back door way; expressed serious concerns about privacy, observing that checkout records at library are more secret. Mr. Crossman commented that in his view the Commissioner were dealing with a 16-year franchise not unlike the Comcast agreement, and said that this proposal would not work indoors and would not solve the digital divide.

Ms. Heather Hudson, a director at San Francisco State University noted that she had provided expert testimony and research at state and federal level reviews of these issues and urged the Commissioners to agree to provide the pole attachment needed to tremendous opportunity. For the city moving forward. Ms. Hudson observed that the indoor reception issues could and were being addressed. She noted while not a perfect contract this was a good one and so she urged that it be approved.

Mr. Arnold Townsend, San Francisco Ministers Roundtable, urged the Commissioners to support the proposed agreement calling attention to his deep concern with the digital divide, as someone who worked with a lot of youth at his church and in outside youth programs. Mr. Townsend noted that the digital divide was getting wider and wider and may not be able to be spanned if you don't have access then you are relegated to a life of mediocrity. Reverend Townsend commented that position seekers are frequently asked to apply on line and if you cannot we don't want you to work for us. Mr. Townsend found informative that those in opposition to this proposal seemed always to already have access and found what they were really saying was, a system that is not perfect is okay for them, and others can just wait and do without.

Commissioner Werbach expressed his appreciation for the sentiments expressed by the last speaker, noting the goal was to serve the underserved and this was the reason to move forward. Commissioner Werbach again expressed his frustration with the appearance of the pole attachment and was informed by Assistant General Manager for Power Barbara Hale, that those concerns had been brought to the attention of the proponents but the Agency was not given an opportunity to make that modification. Ms. Hale continued that the matter did go to planning and was reviewed by their environmental committee and their decision was to leave it like it was.

Mr. Ginsberg concluded by thanking the General Manager for her hard work, and Commissioners for considering this with dispatch; noting there were many people for who this was long overdue. Mr. Ginsberg noted one final point of clarification, that the agreement actually provided that if Earthlink paid a disproportionate amount to P.G. & E. they agreed to raise their speed, thus should the formula work out in a certain way, they have agreed to provide faster service for San Francisco. The item was continued to the May 8, 2007 meeting.

10. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a) BAWSCA Update

Mr. Art Jensen, General Manager of BASWSCA, remarked the Commissioners had certainly discussed a lot of issues and raised several good points that he wished to touch on and suggest some possibilities. Mr. Jensen observed that San Francisco had been a leader during the last drought and it was used to allocating water in San Francisco and between San Francisco and the wholesale customers. In the current situation he noted San Francisco and wholesale customers again would have to conserve and so that there will, as before be no conflict, the SFPUC has allowed agencies to divide up their water

CONSENT CALENDAR

11. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item. Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt items (a-b) listed under the Consent Calendar; passed (5-0 Brooks, Caen, Normandy, Werbach) unanimously.

a) Resolution No. 07-0063: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-359 Southeast Water Pollution Control Plant Building 925 No. 2 Water Production Facility Upgrade, by Absolut Construction Corp., for a total contract amount of \$1,048,337.79, and authorize final payment, in the amount of \$52,416.88, to the contractor.

b) Resolution No. 07-0064: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-396; 20th Street Pump Station 480V Electrical Service Upgrade, by MRM Electrical, approve Modification No. 1 (Final) increasing the contract by \$6,203, for a total contract amount of \$99,203, and with a time extension of 15 consecutive calendar days for a total contract duration of 222 consecutive calendar days; and authorize final payment, in the amount of \$15,503, to the contractor.

REGULAR BUSINESS

12. Discussion and possible action related to a Memorandum of Agreement with the East Bay Municipal Utility District, Contra Costa Water District, and Santa Clara Valley Water District for the continued development and planning of the Bay Area Regional Desalination Project. (Carlin)

Moved by Commissioner Caen, seconded by Commissioner Sklar, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0065: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Memorandum of Agreement with the East Bay Municipal Utility District, Contra Costa Water District, and Santa Clara Valley Water District for an amount not to exceed \$250,000 in cash contributions (and with a duration not to exceed 3 years), which will allow for the continued development and planning of the Bay Area Regional Desalination Project; and authorize the East Bay Municipal Utility District, on behalf of all of the partner agencies, to retain the services of a consultant to plan, develop, and operate a Pilot Facility for the Bay Area Regional Desalination Project.

14. Discussion and possible action related to authorize the General Manager to submitting a supplemental appropriation to the Board of Supervisors concerning additional funding needed for the Hunters Point Naval Shipyard.

Moved by Commissioner Werbach, seconded by Commissioner Caen, to adopt the following resolution; passed (4-1 Brooks Caen, Normandy Werbach Aye, Sklar Nay).

Commissioner Sklar noted that he had opposed approval of this item before but that he appreciated his colleagues' point of view in approving it.

Resolution No. 07-0066: Request the Commission to authorize the General Manager to request approval of the Mayor and the Board of Supervisors to supplement the spending authority by \$1.86 million of the SFPUC Power Enterprise to fund costs that will be incurred in the current fiscal year related to providing electric services to Hunters Point Naval Shipyard (HPNSY) Parcel

A'.

REAL PROPERTY TRANSACTIONS

15. Discussion and possible action to authorize the General Manager of the Public Utilities Commission to Property Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd)

Continued next regular meeting of May 8, 2007.

Staff Recommendation Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to direct staff to enter into negotiation with Oliver de Silva, Inc., as the highest ranked respondent to the Request For Proposals issued by SFPUC concerning the mining of the 325 acre Sunol Valley Aggregate Quarry site located on a portion of Parcel 65 of Alameda County lands in Sunol Valley to achieve an Exclusive Negotiation Agreement.

Real Estate Manager Gary Dowd brought the Commissioners up to date on the project bid process, discussed the three bidders, and noted that the proposal before the Commission was that the Agency would enter into negotiations at this time with the de Silva Group. Mr. Dowd noted that regarding the ultimate project the de Silva Group would have to go through an environmental review process and that there remained a large amount of work to be done Commissioner Werbach noted a moral imperative that required the Agency to address environmental stewardship responsibilities within the limits of its jurisdiction in this matter. Commissioner Sklar noted various factors, such as the proposed conveyor, and that another authority, Alameda County, that had the right to decide on this matter rather than the PUC, had made this project attractive and inclined him to support its going forward. Commissioner Sklar noted that the end of this process would happen for at least 70 years and that if it is going to happen, it was his thought that we let it happen when most advantageous for the Agency

General Manager Leal noted that the item before the Commissioners was to start discussions with the highest scoring respondent to determine whether an agreement can be achieved. She further noted that until the staff had an opportunity to ask questions of the designated respondent, it would be difficult for them to bring back the kind of detailed answers to the questions the Commissioners had posed. Ms. Leal noted that the Commissioners would be kept informed, and that there would be another opportunity to approve the negotiated agreement. Ms. Leal noted this item served merely to bring the matter into open discussion, and that there would be new studies done, and if there were changes, that would also lead to additional review.

It was clarified that this was an issue for Alameda County to open and the assumption was, unless they reverse approving it, the project would continue down the road as proposed. Commissioner Normandy asked if for any reason this project did not go through, were there adequate economic protections for the SFPUC, and was informed that that was absolutely right. Commissioner Sklar noted that the Commissioners could discussion negotiation rules in closed session and that the purpose this meeting was either to vote yes or no. Commissioner Sklar noted that the Commission could talk about the details of where it wanted to go at that time, observing that in a land deal of potentially a half of a billion dollars the Commission had to deal with appropriate questions regarding its responsibilities. Commissioner Werbach noted that he was uncomfortable with taking this step, as he thought not in our best interest. In response, it was noted that the best perspective on this would be that will be ample opportunity again to consider the issues and that all that was being authorized was approving the exclusively negotiation. Additionally, it was noted that the project would require full environmental review of not only the lease if in fact any agreement was reached but also would require further review of environmental issues before action may be formally taken. Commissioner Sklar pointed out that it would be in our financial interest to make the project go through and that was what the exclusively negotiation meant. Commissioner Sklar remarked that he believed in the negotiation, that there was room for negotiation but that the Commissioners should respect Commissioner Werbach's position.

Vice President Caen and Commissioner Sklar left at 3:45 P.M.

Public Comment:

Mr. Ralph Kanz, Alameda Creek Alliance, found it to be unfortunate comparing respondents as apples and oranges. He recommended that the Commissioners send staff back to do a thorough review of how comparisons among the respondents were made. Mr. Kanz expressed serious concerns, noting the 25-year old Environmental Impact report (EIR) that needed to be updated, and about compliance with mitigation measures, citing as example biological monitors required during the construction. He noted that despite multiple requests to obtain those logs, de Silva had refused to produce them to the City. This he suggested did not sound like an entity that was going to be forthcoming. He additionally observed without proper enforcement in a project such as this there would be a lot of problems.

Mr. Thomas M. Berliner, Duane Morris LLP, representing Santa Clara, distributed a document that contained remarks about Apperson Ridge and expressed disappointment with the process used in this matter. He reported that they would like to enter into the exclusive negotiating relations Mr. Berliner then raised four issues: first, that staff was, in his view, recommending violation of the terms of the RFP. He further suggested the de Silva proposal exceeded the terms and was not consistent with

what was asked for. Mr. Berliner had questions as to why there was a change from first place to second place. Mr. Berliner also had questions about the role of Apperson Ridge. He concluded by reporting that his firm was very familiar with the property and would be able to eliminate the vertical levy and create additional storage capacity beyond that which had been proposed.

Mr. James A. Reuben, Reuben & Junius LLP, working with Oliver de Ville Vain in connection with the proposals. He noted that it looks like a bid protest will be submitted after there is an award of exclusively rights. Mr. Reuben thought it would be a written bid protest and perhaps a lawsuit and reported he had not had sufficient chance to review and respond to the recommendation in the time available.

Mr. Ed de Silva recalled his company's lengthy history with this property and the positive environmental efforts that they had made. He informed the Commissioners that now after 25 years they were looking forward to going ahead and mining Apperson Ridge. Mr. de Silva noted that they had waited until this last year because the SFPUC had come out with an RFP and that provided an opportunity to mitigate Apperson and a crushing plant, and put in a production facility and that was an opportunity they would not have again.

There was an extensive discussion among the Commissioners with many questions to staff concerning each step of the process that was followed to arrive at the current recommendation. Commissioner Werbach expressed grave reservations and noted that there were many steps that needed to be taken in the next year to let everyone know what was proposed and to be as open as possible. Commissioner Normandy moved in view of the fact that Commissioners Caen and Sklar had left the meeting and that it was important that the entire Commission participate in the discussion of this item to continue the item to the next meeting, asking that the selected firm and competitive firm to come back.

President Brooks allowed the last public comment described above and asked if there were any other public comment then called for a vote. Commissioner Werbach raised a parliamentary objection to the continuation of public comment after a motion was placed on the floor and President Brooks ruled that additional comment was in order. Commissioner Werbach then asked if there was a time line and was informed there was not.

No additional public comment was offered.

The motion to continue the item passed (Aye Normandy, Werbach, NAY Brooks) President Brooks then called for a revote and the motion was passed unanimously.

16. Discussion and possible action related to authorize two six (6) month extension periods to an Option Agreement pertaining to the sale of property under the jurisdiction of the SFPUC. (Dowd)

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach unanimously).

Resolution No. 070067: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission to execute two six (6) month extension periods to an Option Agreement pertaining to the sale of property between Whisman Road and Tyrella Avenue, located in Mountain View, California, under the jurisdiction of the SFPUC with KMJ Urban Communities, LLC.

17. Discussion and possible action related to authorize an eighteen (18) month extension to Exclusive Negotiating Agreement (ENA) with Greenbriar Homes Communities. (Dowd)

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0068: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute an eighteen (18) month extension to Exclusive Negotiating Agreement (ENA) with Greenbriar Homes Communities to July 3, 2009.

CONSTRUCTION CONTRACTS

Award

18. Discussion and possible action related to Contract No. WD- 2535R (Job Order Contract) General Construction Services, San Joaquin Region. (Carlin)

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0069: Award Enterprise Operating Budget-funded Contract No. WD-2535R, (Job Order Contract) General Construction Services, San Joaquin Region, in the amount of \$3 million and with a duration of two years (with an additional one-year option period and with an additional \$1.5 million pending Commission approval, for a total potential contract amount of \$4.5 million), to the sole, qualified, responsible and responsive bidder, Vila Construction.

19. Discussion and possible action to approve the plans and specifications and award Wastewater Enterprise 5-Year Capital Improvement Program-funded Contract No. WW-439.

Moved by Commissioner Werbach, seconded by Commissioner Normandy to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0070: Approve the plans and specifications and award Wastewater Enterprise 5-Year Capital Improvement Program-funded Contract No. WW-439 Southeast Water Pollution Control Plant Gas Handling Improvements, in the amount of \$8,447,000, to the lowest, qualified, responsible and responsive bidder, Cal State Constructors, Inc.

20. Discussion and possible action related to Wastewater Enterprise 5-Year CIP-funded Contract No. WW-405, Mission Street and Mt. Vernon Avenue Sewer System Improvement. (Franza)

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0071: Approve the plans and specifications and award Wastewater Enterprise 5-Year CIP-funded Contract No. WW-405, Mission Street and Mt. Vernon Avenue Sewer System Improvement, in the amount of \$9,434,510.00, to the lowest, qualified, responsible and responsive bidder, Mountain Cascade Inc.

Amend

21. Discussion and possible action related to Contract No. WD-2489 (University Mound Fence Replacement). (Kelly)

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0072: Approve Modification No. 1 Water Enterprise Water System Improvement Program-funded Contract No. WD-2489 (University Mound Fence Replacement), with D'Arcy & Harty Construction, Inc., increasing the contract by \$186,744.00, for a total contract amount of \$1,311,764.00, and extending the contract by 60 consecutive calendar days, for a total contract duration of 210 days.

PROFESSIONAL SERVICE CONTRACTS

Award

22. Discussion and possible action related to award Agreements No. CS-869 A - C, Independent Technical Advisory Services for the Bay Division Pipeline No. 5 Project.

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0073: Approve the selection of T.D. O'Rourke, Douglas J. Nyman—D.J. Nyman & Associates, and Ronald Bianchetti—Blackstone Group; award Agreements No. CS-869 A - C, Independent Technical Advisory Services, to provide technical advisory and consultation services for the Bay Division Pipeline No. 5 Project in specified fields related to seismic engineering of civil infrastructure networks, structural mechanics analyses of large-diameter pressurized pipe subjected to seismic loading, and corrosion engineering and cathodic protection; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with T.D. O'Rourke, Douglas J. Nyman—D.J. Nyman & Associates, and Ronald Bianchetti—Blackstone Group, for an amount of \$100,000 for each individual agreement and a total not to exceed \$300,000, and with a duration of three years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

23. Discussion and possible action related to Agreements No. CS-870 A-B, Technical Advisory Panel, to provide technical advisement on water treatment, water quality regulations, and managing water treatment facilities.

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0074: Approve the selection of Susan Teefy and Gary Logsdon; award Agreements No. CS-870 A-B, Technical Advisory Panel, to provide technical advisement on water treatment, water quality regulations, and managing water treatment facilities; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with Susan Teefy and Gary Logsdon for an amount of \$100,000 for each individual agreement and a total not to exceed \$200,000, and with a duration of three years, or, in the event negotiations are not successful or City requirements are not satisfied, to reject non-responsive responder and re-advertise this request for proposal.

24. Discussion and possible action related to Power Enterprise, Agreement No. CS-872 to provide consulting support, development and maintenance for the Power Enterprise.

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution; passed (3-0 Brooks, Normandy and Werbach) unanimously.

Resolution No. 07-0075: Approve the selection of Mountford Group, Inc.; award a professional services agreement for the Power Enterprise, Agreement No. CS-872, DataMart Consulting, Development and Maintenance Services, to provide consulting support, development and maintenance for the Power Enterprise DataMart; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with Mountford Group, Inc. for an amount not to exceed \$1,918,900, and with a duration of four years.

President Brooks then announced that all items listed under Closed Session were to be continued to the Regular Meeting of May 8, 2007.

CLOSED SESSION

25. Public comments on matters to be discussed in Closed Session.

26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

27. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd) APN 96-375-009 Pursuant to Government Code Section 54956.8 and Sunshine Ordinance Section 67.8 (a)(2), RFP Respondents - Oliver de Silva Inc., or Santa Clara Sand and Gravel Company d/b/a CEMEX, LLC (Teichart Inc.), or TSV Properties.

28. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

29. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

30. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

31. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

32. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

33. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

34. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

There being no further business before the Commission the meeting adjourned at 3:59 P.M.

Lorelei Patricio
Acting Commission Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTO_ID/369/C_ID/3480

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, May 8, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

10:20 a.m. msf
DOCUMENTS DEPT.

MAY - 4 2007

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the April 24, 2007 Regular Meeting
4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

CLOSED SESSION

NOTE the Commission will go into closed session to discuss items on its agenda shortly after the beginning of the meeting and will remain in closed session one hour. At the conclusion of this period at 2:30 PM any remained unfinished closed session items will be continued to the end of the meeting's agenda and the Commission will take up the remaining regular agenda items. It is expected that Agenda Item #23 Rates Hearing will be taken up shortly after the Commission returns to open session at 2:30PM.

5. Public comments on matters to be discussed in Closed Session.
6. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

7. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(b)(1) and San Francisco Administrative Code Section 67.10(d) (2) to consider settlement of an unlitigated claim by William Peden v CCSF. (Rapoport)
8. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(b)(1) and San Francisco Administrative Code Section 67.10(d) (2) to consider

settlement of an unlitigated administrative claim by the San Francisco Regional Water Quality Control Board
(*Roddy*)

9. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (*Dowd*)

APN 96-375-009

Pursuant to Government Code Section 54956.8 and Sunshine Ordinance Section 67.8 (a)(2), RFP Respondents - Oliver de Silva Inc., or Santa Clara Sand and Gravel Company d/b/a CEMEX, LLC (Teichart Inc.), or TSV Properties.

10. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (*Ambrose*)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

11. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

12. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

13. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

14. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

16. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

17. Announcement following Closed Session.

18. Motion regarding whether to disclose the discussions during Closed Session.

19. Communications

20. Other Commission Business

21. Report of the General Manager

- a) Water System Improvement Program/Capital Program/ Wastewater Master Plan (Irons)
- b) Trans Bay Cable Update (Continued from April 24, 2007) (Hale)
- c) OCIP Feasibility Study Update Report (Kelly)
- d) Economic Impact Report (Irons)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

22. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-368 Rhode Island/23rd/Utah/York/Texas Streets Sewer Replacement and Street Reconstruction, in the amount of \$1,306,129, to the lowest, qualified, responsible and responsive bidder, J. Flores Construction.
- b) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-420 Alma/Fulton/Willard/Saturn Streets Sewer Replacement and Pavement Renovation, in the amount of \$ 1,150,524, to the lowest, qualified, responsible and responsive bidder, M. Hernandez Construction.
- c) Staff Recommendation: Accept work performed for Contract No. HH-918, Tuolumne River Channel Improvements by Contractor. On Grade Contracting, approve Modification No. 2 (Final) decreasing the contract by \$5,972.81, for a total contract amount of \$343,627.19 and authorize final payment, in the amount of \$62,485.42, to the contractor.

REGULAR BUSINESS

23. Discussion and possible action related to adopt schedules of rates, fees and charges effective with meter readings beginning July 1, 2007 and July 1, 2008. *(MacDonald)*

Staff Recommendation: Adopt schedules of rates, fees and charges of the San Francisco Public Utilities Commission Water Enterprise
Adopt schedules of rates, fees and charges be effective with meter readings beginning July 1, 2007 and July 1, 2008.

24. Discussion and possible action related to adopt schedules of rates, fees and charges effective with meter readings beginning July 1, 2007 and July 1, 2008. *(MacDonald)*

Staff Recommendation: Adopt schedules of rates, fees and charges of the San Francisco Public Utilities Commission Wastewater Enterprise for wastewater service in San Francisco to be effective with meter readings beginning July 1, 2007 and July 1, 2008.

25. Discussion and possible action related to a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network. *(Hale)*

Continued from the April 24, 2007 Regular Meeting.

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network EarthLink has agreed to construct to provide free wireless broadband internet service within the City and County of San Francisco, subject to Board of Supervisor's approval.

REAL PROPERTY TRANSACTIONS

26. Discussion and possible action to authorize the General Manager of the Public Utilities Commission to Property Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. *(Dowd)*

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to direct staff to enter into negotiation with Oliver de Silva, Inc., as the highest ranked respondent to the Request For Proposals issued by SFPUC concerning the mining of the 325 acre Sunol Valley Aggregate Quarry site located on a portion of Parcel 65 of Alameda County lands in Sunol Valley to achieve an Exclusive Negotiation Agreement.

PROFESSIONAL SERVICE CONTRACTS

27. Discussion and possible action related to approve Agreement No. CS-701, Hetch Hetchy Microwave Replacement. *(Carlin)*

Staff Recommendation:

Approve Amendment No. 2 to Agreement No. CS-701, Hetch Hetchy Microwave Replacement, with Timberline Engineering, Inc. for additional detailed design of the communication system for Hetch Hetchy facilities, environmental support services, geotechnical support services for change in location of transmission sites and extension of time to support post-construction warranty phase; authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$500,000, for a total agreement amount of \$1,800,000, and with a time extension of 4 years, for a total agreement duration of 9 years.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





SAN FRANCISCO Public Utilities Commission

5/08/07 Minutes San Francisco Public Utilities Commission

Published: 05/25/2007 | Updated: 06/18/2007

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MINUTES

Tuesday, May 8, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Adam Werbach

The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

DOCUMENTS DEPT.

JUN 24 2008

SAN FRANCISCO
PUBLIC LIBRARY**ORDER OF BUSINESS:**

1. Call to Order: 1:40 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner Adam Werbach

3. Approval of Minutes

President Brooks requested that the Minutes of the April 24, 2007, Regular Meeting be continued to the May 22, 2007, Regular meeting.

4. Public Comments

No comments were offered.

CLOSED SESSION

5. Public comments on matters to be discussed in Closed Session.

Mr. Ralph Kanz, representing the Alameda Creek Alliance, spoke to the Commissioners asking that they keep in mind the environmental implications as they discussed the Sunol item in Closed Session.

General Manager Susan Leal suggested to President Brooks that the Commissioners try to reconvene in open session, as quickly as was possible, as there were a large number of people that were in attendance at the meeting to participate in the Rates Hearing.

6. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to assert the attorney-client privilege; passed (5-0 Brooks, Caen, Normandy, Werbach, and Sklar).

The Public Utilities Commission met in Closed Session at 1:40 P.M. to discuss the following items:

7. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(b)(1) and San Francisco Administrative Code Section 67.10(d) (2) (Rapoport)

Present were President Books, Vice President Caen, Commissioner Normandy, Commissioner Werbach, Commissioner Sklar, General Manager Susan Leal, Deputy General Manager Tony Irons, Assistant General Manager Laura Spanjian, City Attorney Erik Rapoport, SFPUC Legal Counsel Noreen Ambrose, Human Services Director Michele Modena, and Commission Secretary Michael Housh.

Resolution No. 07-0076: To consider settlement of an unlitigated claim by William Peden v. CCSF.

8. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(b)(1) and San Francisco Administrative Code Section 67.10(d) (2) (Roddy)

Present were President Books, Vice President Caen, Commissioner Normandy, Commissioner Werbach, Commissioner Sklar, General Manager Susan Leal, Deputy General Manager Tony Irons, Assistant General Manager Laura Spanjian, Assistant General Manager of Wastewater Tom Franza, Regulatory Manager Arlene Navarette, City Attorney John Roddy, SFPUC Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Resolution No. 07-0077: To consider settlement of an unlitigated administrative claim by the San Francisco Regional Water Quality Control Board. (Roddy)

9. Conference with Real Property Negotiator - Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd) APN 96-375-009

Pursuant to Government Code Section 54956.8 and Sunshine Ordinance Section 67.8 (a)(2), RFP Respondents - Oliver de Silva Inc., or Santa Clara Sand and Gravel Company d/b/a CEMEX, LLC (Teichart Inc.), or TSV Properties.

Present were President Books, Vice President Caen, Commissioner Normandy, Commissioner Werbach, Commissioner Sklar, General Manager Susan Leal, Deputy General Manager Tony Irons, Assistant General Manager of External Affairs Laura Spanjian, Assistant General Manager of Water Michael Carlin, SFPUC Legal Counsel Noreen Ambrose, Real Estate Director Gary Dowd, and Commission Secretary Michael Housh.

No action taken.

10. Threat to Public Services or Facilities - Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

11. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

12. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

13. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

14. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Present were President Books, Vice President Caen, Commissioner Normandy, Commissioner Werbach, Commissioner Sklar, General Manager Susan Leal, Deputy General Manager Tony Irons, Assistant General Manager Laura Spanjian, City Attorney Kristin Jensen, and Commission Secretary Michael Housh.

Resolution No. 07-0078: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

16. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

This is a duplicate of Agenda Item 15.

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, et al. (San Mateo Superior Court No. 449522; City Attorney File No. 060418). Filed September 12, 2005.

The Public Utilities Commission reconvened in open session at 2:16 P.M

17. Announcement following Closed Session.

President Brooks announced that Agenda Items 7, 8, and 15 were approved; and that no action was taken on Agenda Items 9, 10, 11, 12, 13, and 14. Agenda item 16 was taken off calendar, as it was a duplicate of Agenda item 15.

18. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Sklar, seconded by Commissioner Normandy not to disclose the discussions during Closed Session; passed (4-0 - Brooks, Caen, Normandy, and Sklar) unanimously.

REGULAR BUSINESS

President Brooks called for items 23 and 24 be taken up and addressed together. Commissioner Normandy recommended that because of the number of people wishing to comment that President Brooks limit each comment to two minutes and asked that if anyone was going to repeat what someone had already said the Commissioners would appreciate their just noting the point already discussed and not take everyone through the same dialogue that they had already. President Brooks concurred and announced that in view of the large number of speakers and the many other items on this meeting's agenda public comment would be limited to two minutes per speaker.

23. Discussion and possible action related to adopt schedules of rates, fees and charges effective with meter readings beginning July 1, 2007 and July 1, 2008.

Resolution No. 07-0079: Adopt schedules of rates, fees and charges of the San Francisco Public Utilities Commission Water Enterprise Adopt schedules of rates, fees and charges be effective with meter readings beginning July 1, 2007 and July 1, 2008.

Public Comment:

Mr. Jin Li Li, Chinatown Association, (speaking with the assistance of a Chinese language translator) criticized what he believed to be an increase of 130 percent that would be hard on small business, and suggested that they would have to go belly up because of the effect on their income. Mr. Li said he wished that city government would help the private citizens and always look after poor people, because it was so expensive to live in San Francisco.

Mr. Sean Pritchard, a tenant and member of the Apartment Association, opposed this increase because of several reasons. First because he thought it unfair to families that the rate structure tell families they are not wanted, and that it hurts landlords because they take the brunt of it. He noted that in San Francisco 70 percent of residents are tenants that did not have the pay their water bills, and suggested because they did not pay they did not conserve. Mr. Pritchard said that the Sierra Club agreed with the Apartment Association that the Commissioners needed to reject the proposed rates and look at how to fix this unfair situation.

Ms. Marina Franco, a member of San Francisco Apartment Association and a landlord, said her views followed Mr. Pritchard's agreeing that the apartment owners were opposed to this rate increase as crafted; that it did not promote conservation since only the landlords were paying; and without a pass through provision to pass the increase through to the tenants, it also

defeats the purpose of conservation as well.

Ms. Eva Skoufis noted the impact of the proposed fee increase on laundries and urged the Commissioners not to approve it. She further noted that many small business owners also opposed were unable to attend the hearing and said that washing was a necessity and that this proposal was unfair to small businesses.

Ms. Linda Jang, a retired customer service employee, also criticized the rate increase as unfair to middle and low income users and suggested it would lead to customer payment plans, shut-off notices, and liens.

Mr. Joel Panzer, a property manager, noted that it was important to preserve this limited resource, that everyone needed to work together to motivate greater conservation, that tenants should share this expense, and that this was an important issue in San Francisco.

Mr. Ron Lee, Outer Sunset neighborhood associations, distributed petitions to the Commissioners opposing the proposed rate increases and noted that the proposed rates penalized homeowners, multigenerational families living together, and penalized large families, that there should be no rate increase but instead a more equitable distribution of system costs.

Mr. Francisco da Costa suggested that there was a lack of empirical data available to justify the proposed rates and that the question of leakage in the system had not been properly examined or addressed. Mr. da Costa noted that the water came from Hetch Hetchy and belonged to the first peoples who had conserved their resources carefully and further suggested that that water use by the Presidio and city departments should be reviewed and addressed before any rate increases were considered.

Mr. Kenneth Hu, asked the rates not be increased again and noted that it seemed there were increases every few months and suggested that the Commissioners do a better job of overseeing staff and they did not seem to him to be doing a good job.

Ms. Hiu Nan Cheung pointed out that the increased rates would heavily impact the poor and working poor and that the SFPUC needed to better manage its resources so as not to have to ask the ratepayers for more money and noted the recent large scale water outage suggesting that it indicated that the Agency was not doing a good job in serving the community.

Henry Ha, a nine and one half year resident, complained that the SFPUC was increasing its rates and not doing the system repairs that had been promised. He questioned the need for the SFPUC's new building and suggested that the SFPUC focus on its primary job, fixing the water system, before going off and spending money on new executive offices.

Mr. Brook Turner, Coalition for Better Housing, commented that he spoke on behalf of twenty-five thousand units of housing in the City and that he and his organization found the proposed rates unfair, raised the issue that property owners were not able to recover the costs of their water bills from their tenants, he noted some tenants ran dog grooming businesses or did not report broken fixtures, because they were not responsible for paying for their water use, and that this meant they had no reason to conserve. He noted that the Rate Fairness Board had discussed this problem and urged that action be taken to redress what he found to be an inequity before approving any increase in the rates.

Mr. Jeffrey Katz, a small landlord, reported that he had recently sold a fifteen unit building and left the rental property business rather than deal any longer with what he felt to be outrageous water bills whose costs he was not allowed to recover from his tenants. Mr. Katz reported that he would have been willing to cooperate to install electronic metering to capture individual tenants water use and this could encourage tenants to conserve water because they would then be responsible for their water bills.

Ms. Grace Shanahan, Residential Builders Association, handed in a resolution from the Residential Builder's Association in opposition to the proposed rate increases and commented on the responsibility of the entire community rather than a small segment of it to pay for water use. Ms. Shanahan further noted that her organization was dedicated to providing housing at all income levels for the City and it was their position that rates should be set to capture all users of the water system rather than just some.

Ms. Denise LaPointe, President of West of Twin Peaks Central Council, distributed a letter to Commissioners reporting a unanimous vote by its members against approval of the proposed rate increases. Ms. La Pointe further commented that her organization felt it unfair that 30% of the City's residents, many elderly, single women, had to pay the larger share of the cost of providing water services to everyone and that the Commissioners should act to redress this situation before imposing any increases in rates.

Mr. Brian McGee commented that it seemed to him the every time the City needed money, it imposed a fee on homeowners, small businesses, and small builders. Mr. McGee said the proposed fee increases should properly be put to a vote to see if the people believed it justified.

Mr. Dan Keller, owner of two units of rental property asked for assistance with his water bills, lauded the Hetch Hetchy system

and acknowledged that its upkeep had to be paid for, and requested that individual meters for each unit be installed so that everyone would be aware of their own use of water

Ms. Judith Berkowitz, President of the Coalition for San Francisco Neighborhoods, distributed a letter to Commissioners on behalf of the Coalition in opposition to the proposed rates increases and requesting the Commissioner order staff to submit a uniform volume rate that he believed to be more fair to all households. Ms. Berkowitz commented that in their view the inclined rate structure, which they had opposed when first proposed for sewer rates, was equally unfair for water rates as well and suggested that the proposed rates could be interpreted as being illegal under Proposition 218's mandate for equal rates.

Mr. Joan Girardot, Coalition for San Francisco Neighborhoods, expounded further on the Coalition's opposition to the proposed tiered rate structure suggesting that it was inherently unfair to multi-person households and that it caused them to be almost always placed in the highest cost tier of the rate structure. Ms. Girardot urged the Commissioners to read her argument before approving the proposed rates.

Mr. Richard Ow, argued that the Commissioners should approach the federal government which had authorized the creation of the Hetch Hechy system to fund the necessary infrastructure repairs and upkeep needed to maintain the system and noted that as the voters of California had approved bond funding for infrastructure work that the SFPUC should also approach the state and obtain additional funds for the system from that source as well.

Mr. Rickie Hart, Residential Builder's Association drew the Commissioners attention to an apparent inequity demonstrated by his understanding of the numbers reported in the staff analysis of the proposed rate structure that multiple housing units were charged relatively higher rates than larger commercial buildings and urged that they act to correct this injustice.

Mr. Calvin Wong, Chinese American Association Congress, spoke in opposition to the proposed rates and suggested that the proposed rates negatively targeted multi- generational families living together as was typical in the Chinese American community as well as the many of the community's small businesses such as restaurants and laundries.

Mr. Steven Vettel, land use attorney with the Residential Builder's Association opposed the rates and in particular cited as unfair the proposed capacity charges suggesting that builders receive credit against any infrastructure improvement that they made in relation to construction of their projects. Mr. Vettel found it unfair that builders should make improvements and then have to pay higher fees to connect improvements that they had built to the City's system.

Ms. Janan New, Director of the San Francisco Apartment Association, distributed a letter from their organization opposing the proposed new rates and also criticized the rates structure as unfair to landlords, discriminated against families, and were unfair in that there was no way to encourage conservation by tenants who did not have to pay for their use of water. Ms. New suggested that there were no representatives of commercial interests speaking out against the new rates because they were able to pass the costs along to their tenants.

Mr. Dennis Shea, a homeowner and small property owner, noted that those who had been doing everything that they could do to conserve in past water shortages were not being recognized in the proposed new rates and further noted that as tenants of multi- unit apartment building use was not billed there was no way that they could be encouraged to conserve and that the structure itself discriminated against those who had conserved as well as families.

Mr. Jack Davis, San Francisco Taxpayers Union, thanked the Commissioners for hearing the public's comments on the proposed rates, questioned the transparency of how the Agency handled the large amounts of public funds that were their responsibility and suggested that there could be a ballot measure proposed to block imposition of these unfair rates as proposed.

Mr. Angus McCarthy, a member of the Residential Builders Association, suggested that the increase in rates was going for a quick fix and that doing so unfairly tapped already overburdened property owners with additional fees instead of doing their jobs. Mr. McCarthy agreed with Mr. Davis concerning the need for greater transparency in Agency operations and reminded the Commissioners that the RBA members were invested in the City and determined to stay in the community and that if necessary lawsuits and other responses would be made if the Agency proved to be unresponsive to their complaints.

Mr. John Kerley, Residential Builders Association, commented that he was a native and that he and his sons were determined to stay in the community and that he was dismayed by the way that fees for residential and small contractor were constantly increased while the big commercial businesses seemed to pay less. Mr. Kerley suggested that the SFPUC was improperly targeting small contractor with its demands for up front payment of fees and that he was disgusted with how the system was being managed.

Paul O'Driscoll, Residential Builders Association also found the proposed fees a disgrace and noted that as these were "soft costs" they came directly out of his bottom line. Mr. Driscoll further commented that the requirement for up front payment seemed designed to drive small builders like him out of the City.

Mr. Leo Cassidy, Residential Builders Association commented that what was most unfair to him was that the fees were the same whether your project was a 500 sq. ft. dwelling unit or a 10,000 sq. ft. residence and that in addition commercial properties did not have to pay an appropriately proportionate share of these connection costs for their very large projects.

Mr. Buzz Pritchard, a fourth generation San Franciscan and property owner, commented that he could ditto everything that had been previously mentioned and in addition that while the City says that it is trying to make itself affordable for middle income residents it seems to often do things like this fee increase that adversely impacts families and discourages middle income development because of the high costs involved.

John, a member of the Residential Builder's Association found it unfair that there was no provision to "grandfather" projects that had already been permitted and were in the construction pipeline. He noted that increases in fees were not figured into the budget and that they would have significant negative impact on the builder's ability to do a successful job. He found that changing the process once it had been approved was unfair and unjust.

Mr. Sullivan, a small San Francisco Builder, noted that there were 200 people attending today's hearing that was occurring on a Tuesday in the middle of the normal workday and that had discouraged many others who were opposed to the proposed increase in fees from participating. Mr. Sullivan additionally noted that homeowners were also opposed and expressed dismay that a minority of the system users had to pay the bulk of the costs while tenants of multi-unit buildings paid nothing.

Mr. Redmond Lyons, Residential Builder's Association, criticized the proposed rates as unfair and described his own experience at having done extensive and expensive infrastructure improvements in conjunction with his building projects only to be told by the agency that he then had to pay additional fees to connect his project to the system using the improvements he had paid for already.

Mr. Gary Buckley commented that the situation he faced was the result of the Agency's monopoly position and that without any alternative property owners were at the mercy of the Commission's actions. He further observed that if the 30% of ratepayer who paid most of the bills knew what their situation really was they would also be coming to the Commission to object. As well suggesting that the proposed fees were a disguised unjust tax on property owners.

Supervisor Ed Jew took time from another meeting to appear before the Rate Hearing to inform the Commissioners that he and Supervisor Michela Alioto-Pier proposed to hold hearings on the SFPUC's proposed rates at the Board of Supervisors and noted that many of his constituents were upset and opposed to the proposed fees increases.

Mr. Harold Keith, a small building owner, felt that the proposed rates were discriminatory and that their huge cost was a severe burden for his small 10 unit business to bear.

Commissioner Normandy left the meeting at 3:00 P.M.

President Brooks announced as there were no additional speakers public comment was closed. General Manager Leal noted that Mr. MacDonald as well as the Chair of the Rate Fairness Board were in attendance to answer any questions the Commissioners might have. Ms. Leal expressed pride in the excellent job staff was doing and noted that given Supervisor Jew's statement this matter would also be discussed at the Board of Supervisors. Next, Commissioner Sklar questioned staff concerning the point raised by number of speakers that a 500 sq. ft. unit was billed at the same rate as a 10,000 sq. ft. McMansion and suggested that this being the case that staff investigate ways to remedy this apparent inequity. Commissioner Sklar noted that questions regarding pass through of water charges to tenants were not within the Public Utilities Commission's jurisdiction and suggested that those with those concerns take them to the Rent Stabilization Board that did have jurisdiction over such matters. Regarding comments concerning transparency, Commissioner Sklar noted that the Agency was a model of extensive reporting of every detail of how funds were spent and the pace at which its many critical seismic safety and infrastructure improvements projects progressed was there for anyone to review who took the time to study the many available reports made on a regular basis to the Commission. In response to Commissioner comments, Mr. MacDonald noted that the largest correlation between baseline and discretionary water usage was lot size rather than number of residents in a unit. Commissioner Sklar noted that the connection fees were intended to be a buy in to the extensive public investment already made by the ratepayers in the system and that these charges were fully justified and did not trouble him at all. Commissioner Sklar noted that while it was wonderful in theory to meter every unit but that the largest number of buildings in the City were built at a time when such was not in question and doing so after the fact would be an impossible task. All that could be done he suggested was to require that all new buildings be so equipped. Mr. MacDonald discussed options to educate tenants concerning conservation and noted that our use of the inclined block rate system was in accordance with industry best practice and that it best served the majority of system users. Commissioner Sklar responding to public comments noted that there was a recent complete audit of the Agency available and the staff was doing the best possible effort at balancing the need to remedy decades of neglect and provide for the safety and integrity of the system to serve all of its users.

Commissioner Werbach expressed his willingness to participate in helping to resolve the identified inequities either at the Board of Supervisors or the Rent Stabilization Board. After an extensive discussions concerning the capacity charge it was

clarified that the Commission could come back during the year and make any necessary adjustments needed without having to reopen the entire rate setting process.

Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt the following Rates Resolution; passed (4-0 Brooks, Caen, Werbach and Sklar) unanimously.

24. Discussion and possible action related to adopt schedules of rates, fees and charges effective with meter readings beginning July 1, 2007 and July 1, 2008.

Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt the following resolution; passed (4-0 Brooks, Caen, Werbach and Sklar) unanimously.

Resolution No. 07-0080: Adopt schedules of rates, fees and charges of the San Francisco Public Utilities Commission Wastewater Enterprise for wastewater service in San Francisco to be effective with meter readings beginning July 1, 2007 and July 1, 2008.

25. Discussion and possible action related to a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network.

Continued from the April 24, 2007 Regular Meeting.

Public Comment:

Mr. Kimo Crossman commented that Earthlink was pulling out of several of its urban WiFi Projects and that he still had a number of concerns about how this project failed in his opinion to address issues involving the digital divide or serious privacy concerns.

Moved by Vice President Caen, seconded by Commissioner Sklar, to adopt the following resolution; passed (4-0 Brooks, Caen, Werbach and Sklar) unanimously.

Resolution No. 07-0081: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute a non-exclusive agreement (Pole Use Agreement) with EarthLink, Inc., for the use of street light poles owned by the SFPUC to install communications equipment as part of the wireless broadband network EarthLink has agreed to construct to provide free wireless broadband internet service within the City and County of San Francisco, subject to Board of Supervisor's approval.

Commissioner Werbach urged that the aesthetics of the placement of the WiFi equipment on the utility poles be reconsidered, as it was very ugly as proposed.

REAL PROPERTY TRANSACTIONS

26. Discussion and possible action to authorize the General Manager of the Public Utilities Commission to Property Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol, California.

Continued from the April 24, 2007 Regular Meeting.

Public Comment:

Mr. Ralph Kanz, Alameda Creek Alliance, expressed his organization's concerns regarding the possible environmental damage as a result this proposed agreement in particular concerning the future of the Apperson Ridge, and he expressed the point that that any mitigations agreed to must be enforceable over the term of the agreement.

Ms. Leslie Katz, Esq., Duane Morris, urged that the Commissioners ask questions concerning many unresolved aspects of the proposed exclusive negotiation agreement and not "rubber stamp" the staff recommendation. Ms. Katz noted the Agency should question the apparent fact that the Agency would not realize any significant revenue from this project for many years should the next step in this process go forward as recommended.

Mr. Juan Castillo, Cemex USA, suggested that his analysis of the numbers proposed made the CEMEX proposal the safer agreement for the Agency, and suggested that the Commissioners consider the uncertainty of the Apperson project and the fact that the SFPUC could be certain that it could receive more royalties from CEMEX suggesting that going with this arrangement could net \$44 million dollars more that the other proposal.

Dr. Charles H. Hanson, Hanson Environmental, a CEMEX consultant, called the Commissioner's attention to the aspects of the various proposals to safeguard the Alameda watershed and suggested that the CEMEX proposal was more detailed and

substantive than that recommended by staff, especially in regard to Steelhead habitat restoration.

Ms. Susana Duarte, Vice President, Community Relations for Cemex USA, outlined the many civic and charitable activities that her firm supported and noted that they had gained an excellent reputation for working cooperatively with community organization where their projects were located. She commented that she believed that her firm's offer was far superior not only in terms of the economic benefits but also in terms of investment in environmental quality.

Mr. Francisco Aguilera, Vice President of Operations for Cemex, USA provided additional detail on his firm's strong position in the market and its excellent business relationship with the PUC since 2005. He further noted that the high minimum royalties that they proposed as well as their plans for sustainable long-term growth made their proposal superior to the others.

Mr. Robert H. Hambrecht, a local investment banker, offered his independent economic analysis of the relative strengths of the three leading firms competing for negotiating rights for the Sunol Quarry project. Mr. Hambrecht commented that his analysis demonstrated that in terms of cash flow and net value over the likely term of any agreement negotiated for the two leading firm's proposals the differences between their offers were a wash. He further suggested that given CEMEX's favorable debt rating that would give it the edge as a more dependable partner in this project.

Mr. Adolph Martinelli, informed the Commissioner of his background as a retired Alameda County official and that he was entirely familiar not only with this project but also the entire three-year long local oversight process that lead to the approval of the Apperson project. He noted that should the de Silva Group, a well-regarded local firm, be selected to negotiate an agreement that he would be participating in the project as a consultant and could vouch for the validity of the Apperson permit and related mitigations.

Mr. Jim Summers, President of the de Silva Group, discussed in some detail the background of the long-standing relationship and previous agreements between de Silva and the SFPUC relating to this property that led to this project's coming forward. He then discussed his firm's working relationship with the core stakeholders, local government as well as civic and environmental organizations in developing its plans for use of this site as well as the Apperson Ridge.

Next staff provided an overview of their analysis of the merits of these proposals and in response to Commissioner's questions described each of the aspects of the proposal as they had considered them. There followed a discussion among the Commissioners. Commissioner Werbach observed that he had looked over this carefully and found it was a close call when it appeared de Silva Inc. proposal, had an enormous financial benefit over Cemex proposal. Commissioner Werbach continued because he did not think it was the business of the Agency to look towards our financial benefits by destroying a part of environment. He then noted that he could not support going forward with a proposal that would basically put the City in a position of having it create a windfall from destroying the environment.

Commissioner Sklar responded by noting that he had great respect for Commissioner Werbach's position on this matter as an environmental issue. Commissioner Sklar however, noted that Alameda County went through their process and that was an appropriate action and he was not about to second guess the process that they carried out; which he noted would likely be subject to future challenge and that was not a question for the Commissioners to deal as it was not within their jurisdiction. He additionally noted that the City Attorney had informed the Commissioners that City rules were very specific about the Request for Proposals (RFP) process and should they try to change the process in midstream the Agency may be required to go back out and start the game again. Commissioner Sklar noted that an alternative to doing that would be to protect the Agency's interest in the course of the negotiation, following the process set out and recommendations of staff and rely upon our most trusted and wise General Manager to look at some of the concerns the Commissioners had raised and see if the questions of probability and environmental protection can be effectively addressed. Commissioner Sklar concluded by saying that he would vote to approve the recommendation of the staff and proceed to those negotiation, trusting that the General Manager had heard the Commissioner's sentiments in closed session and during the meeting as to what the Commissioners wanted to see coming out of that process.

Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt the following resolution; passed (3-1 Aye Brooks, Caen, and Sklar; nay Werbach).

Resolution No. 07-0082: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to direct staff to enter into negotiation with Oliver de Silva, Inc., as the highest ranked respondent to the Request For Proposals issued by SFPUC concerning the mining of the 325 acre Sunol Valley Aggregate Quarry site located on a portion of Parcel 65 of Alameda County lands in Sunol Valley to achieve an Exclusive Negotiation Agreement.

19. Communications

There was no discussion.

20. Other Commission Business

There was no discussion.

21. Report of the General Manager

President Brooks directed that all items in the General Manager's report be continued to the May 22, 2007, Regular meeting.

- a) Water System Improvement Program/Capital Program/ (Irons) Wastewater Master Plan
- b) Trans Bay Cable Update (Continued from April 24, 2007) (Hale)
- c) OCIP Feasibility Study Update Report (Kelly)
- d) Economic Impact Report (Irons)

CONSENT CALENDAR

22. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

Moved by Commissioner Sklar, seconded by Commissioner Caen, to adopt item (a through c) listed under the Consent Calendar; passed (4-0 Brooks, Caen, Werbach, and Sklar) unanimously.

- a) Resolution No. 07-0083: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW 368 Rhode Island/23rd/Utah/York/Texas Streets Sewer Replacement and Street Reconstruction, in the amount of \$1,306,129, to the lowest, qualified, responsible and responsive bidder, J. Flores Construction.
- b) Resolution No. 07-0084: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW 420 Alma/Fulton/Willard/Saturn Streets Sewer Replacement and Pavement Renovation, in the amount of \$ 1,150,524, to the lowest, qualified, responsible and responsive bidder, M. Hernandez Construction.
- c) Resolution No. 07-0085: Accept work performed for Contract No. HH-918, Tuolumne River Channel Improvements by Contractor, On Grade Contracting, approve Modification No. 2 (Final) decreasing the contract by \$5,972.81, for a total contract amount of \$343,627.19 and authorize final payment, in the amount of \$62,485.42, to the contractor.

The Commission Secretary reminded the Commissioners that they had no yet taken action on Agenda Item #27.

PROFESSIONAL SERVICE CONTRACTS

27. Discussion and possible action related to approve Agreement No. CS-701, Hetch Hetchy Microwave Replacement.

Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt the following resolution; passed (4-0 Brooks, Caen, Werbach and Sklar) unanimously.

Resolution No. 07-0086: Approve Amendment No. 2 to Agreement No. CS-701, Hetch Hetchy Microwave Replacement, with Timberline Engineering, Inc. for additional detailed design of the communication system for Hetch Hetchy facilities, environmental support services, geotechnical support services for change in location of transmission sites and extension of time to support post-construction warranty phase; authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$500,000, for a total agreement amount of \$1,800,000, and with a time extension of 4 years, for a total agreement duration of 9 years.

There being no further business to discuss, the meeting was adjourned at 5:05 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3481

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, May 22, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

3:05 p.m. msf
DOCUMENTS DEPT.

MAY 18 2007

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

- a) Minutes of the April 24, 2007 Regular Meeting
- b) Minutes of the May 8, 2007 Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

- a) Thurgood Marshal High School Career Day Appreciation *(Winnicker)*
- b) Water System Improvement Program/Capital Program/
Wastewater Master Plan *(Irons)*
- c) Owner Controlled Insurance Plan (OCIP) Feasibility Study
Update Report *(Kelly)*

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications and award CUW 260 and CUW 850 Water Main Replacement/Retrofit Program-funded Contract No. WD 2462 8-Inch and 12-Inch Ductile Iron Main Installation in Connecticut St., Texas St., 19th St and 20th St. in the amount of \$1,850,452 to the second lowest, qualified, responsible and responsive bidder, Synergy Project Management.
- b) Staff Recommendation: Accept work performed for Water Enterprise Water Main Replace/Retrofit Program Program-funded Contract No. WD-2420R, 17th, Arkansas, Carolina and Buchanan Streets 8-Inch Ductile Iron Main Installation, by Synergy Project Management, approve Modification No. 2 (final) increasing the contract by \$372,380, for a total contract amount of \$1,638,980, and with a non-compensatory time extension of 30 consecutive calendar days for a total contract duration of 330 consecutive calendar days; and authorize final payment, in the amount of \$452,535 (including previous \$81,949 retention), to the contractor.

REGULAR BUSINESS

9. Discussion and possible action to provide a water services conservation billing adjustment to large household customers subject to the tiered rate structure of the proposed Water Service Schedule W-1A, and to provide criteria for granting adjustments and the development of procedures to administer large household requests for such adjustments. *(MacDonald)*

Staff Recommendation: Adopt the water services billing adjustment and direct the General Manager to promptly implement appropriate procedures to administer the conservation billing adjustment review process.

10. Reaffirming the appointment of Ed Harrington as Director to the San Francisco Bay Area Regional Water System Financing Authority (SFBARWSFA). *(MacDonald)*

Staff Recommendation: That the Commission adopt the attached resolution reaffirming the Board of Supervisors appointment of City Controller Ed Harrington as Director to the San Francisco

Bay Area Regional Water System Financing Authority
(SFBARWSFA).

11. Discussion and possible action approving fees to be charged for certain uses of lodging facilities under the jurisdiction of Public Utilities Commission located in the vicinity of Hetch Hetchy Reservoir. *(Yew)*

Staff Recommendation: Approving the fees to be charged for certain uses of lodging facilities under the jurisdiction of Public Utilities Commission located in the vicinity of Hetch Hetchy Reservoir. The proposed fees will become effective January 1, 2008.

12. Discussion and possible action to approve the miscellaneous fees and charges related to the provision of water service within and outside the City and County of San Francisco.

Staff Recommendation: Approve the miscellaneous fees and charges related to the provision of water service within and outside the City and County of San Francisco. The proposed fees will become effective July 1, 2007. *(MacDonald)*

13. Discussion and possible action to authorize the General Manager to execute the Second Amendment to the Second Memorandum of Understanding by and between the San Francisco Public Utilities Commission and North Coast County Water District. *(Carlin)*

Staff Recommendation: Authorize the General Manager to execute the Second Amendment to the Second Memorandum of Understanding by and between the San Francisco Public Utilities Commission and North Coast County Water District to provide the SFPUC's share of the cost for consulting services necessary to continue design, environmental review and permitting work on the Pacifica Recycled Water Project, in an amount not to exceed \$889,629, subject to City Attorney approval as to the form of the agreement. This requested would be funded under the purview of the Water System Improvement Program (WSIP).

PROFESSIONAL SERVICE CONTRACTS

14. Discussion and possible action to approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748A *(Franza/ Loiacono)*

Staff Recommendation: Approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748A. Planning and

Engineering Services, Sewer System Master Plan, with the Brown & Caldwell, Carollo Engineers, Metcalf & Eddy, Joint Venture (BCM JV) to help develop wastewater/sewer system master plan and financial plan; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$800,000, for a total agreement amount of \$3,300,000 with a time extension of 19 months, for a total agreement duration of 55 months.

15. Discussion and possible action to approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748B, Planning and Engineering Services, Sewer System Master Plan, with the Brown & Caldwell, Carollo Engineers, Metcalf & Eddy, Joint Venture (BCM JV). *(Franza / Loiacono)*

Staff Recommendation: Approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748B, Planning and Engineering Services, Sewer System Master Plan, with the Brown & Caldwell, Carollo Engineers, Metcalf & Eddy, Joint Venture (BCM JV) to help develop wastewater treatment alternatives; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$840,000, for a total agreement amount of \$2,590,000 with a time extension of 19 months, for a total agreement duration of 55 months.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.
17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

18. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)
- Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.
20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)
- Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.
21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)
- Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.
22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)
- Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.
23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Delbon / Margolis)
- Existing Litigation: Nawal Rizkallah v City and County of San Francisco San Mateo Superior Court Case No. 4563874 City Attorney File No. 070045
24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)
- Existing Litigation: Clinton T. Reilly Claim No. 07-02774, Filed April 23, 2007

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

25. Announcement following Closed Session.

26. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO Public Utilities Commission

5/22/07 Minutes San Francisco Public Utilities Commission

Published: 06/15/2007 | Updated: 07/19/2007

Published By: Commission

MINUTES

Tuesday, May 22, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Adam Werbach

The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY**DOCUMENTS DEPT.**

JUN 24 2008

**SAN FRANCISCO
PUBLIC LIBRARY****ORDER OF BUSINESS:**

1. Call to Order: 1:40 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner Adam Werbach

3. Approval of Minutes

Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt the Minutes of the April 24, 2007, Regular Meeting and the Minutes of the May 8, 2007; passed (5-0 Brooks, Caen, Normandy, Werbach, and Sklar) unanimously.

4. Public Comments

There were none.

5. Communications

There was no discussion.

6. Commission Business

President Brooks honored Commissioner Sklar for his tenure as past President of the Commission and his service years with the San Francisco Public Utilities Commission and presented him with a five-year service pin recalling his distinguished tenure as General Manager from 1979 until 1984.

President Brooks reported on the Small Business Forum of contractors this morning; noting that Mayor Newsom had spoken, and lauding staff's efforts to outreach and include all segments of the business community in SFPUC activity planning noting that they had moved in the right direction quickly.

7. Report of the General Manager

a) Thurgood Marshal High School Career Day Appreciation

Assistant General Manager of External Affairs Laura Spanjian asked Communications Director Tony Winnicker to introduce the principal and thanked the staff for all their work. Mr. Winnicker requested Public Relations Officer Mr. Samuel Murray to say a few words. Mr. Murray noted his satisfaction and pride that the SFPUC was acting as a role model for other city departments to do outreach to local youth informing them of career opportunities available to them in their own hometown. Mr. Murray

then introduced Ms. Charmaine Ferrer, a Thurgood Marshall High School Counselor and school senior, Ms. Tiffany Tan, who thanked their SFPUC partners and presented a certificate of honor commending the participation of General Manager Susan Leal and President Brooks and many SFPUC staff members in the school's 2nd Annual Career Day activities.

b) Water System Improvement Program (WSIP)/Capital Program/Wastewater Master Plan

WSIP Director, Ms. Julie Labonte, presented the regular bi-weekly WSIP program update calling particular attention to the below target spending curve on projects and noting that as previously everything was moving forward smoothly save in the area of environmental reviews and that remedial action was already underway to address those concerns. Ms. Labonte noted in her regional overview in particular that the San Joaquin and Sunol projects were receiving closer attention. She then described the situation with the Tesla Projects reporting them to be a result of combining projects and that the expanded scope had required a rewrite of the Project environment review documents. Ms. Labonte reported that the delays concerning the San Antonio pipeline repairs and replacements were the result of a resource availability issue and were also being resolved.

Ms. Labonte then discussed the New Irvington Tunnel and Alameda Siphon projects and finally noted that the Steering Committee had approved all of the projects milestones and scope changes during their nine meetings held so far. The WSIP Director reported that the much anticipated risk assessment would be brought to the Commission during the summer and that any needed schedule realignment would follow.

In response to a query by President Brooks, Ms. Labonte noted that the Parsons Group had been specifically tasked with looking into the problem of availability of contractor to do work as a basic part of their analysis. In addition, responding to further recommendations by President Brooks, Ms. Labonte agreed to closely monitor progress on staffing of the environmental reviews in order to limit the likelihood of additional delays. Ms. Labonte noted that the number of construction schedule related system shut downs was identified and staff was closely coordinating with SFPUC's Bay Area Water Supply Association partners to minimize disruption and also that progress was being made in addressing the outstanding right of way issues with various communities in a positive manner.

Senior Project Manager of Bay Division Johanna Wong and Project Manager Ravi Krishnaiah next informed the Commissioners of the great success with the first and among the most critical of the seismic upgrade projects related to the 500 million gallon per day pipelines in Fremont that crossed the Hayward Fault three times. They reported the installation of cross-over and shut-off valving needed to secure the flow in an emergency situation. Ms. Wong reported that Phase A was to be completed in October on time and on budget with minimal disruption and with close and effective cooperation with local partners.

Project Manager Ravi Krishnaiah discussed the many successful and innovative ways that project staff had managed the construction activities and worked with both its contractors and local authorities to achieve this outstanding result. Ms. Wong then noted Phase B would soon be underway with an expected complete date in 2010.

Commissioner Sklar applauded staff for their skilled work and expressed the hope, in which Commissioner Normandy joined him, that the success of this first major project would be an example that could set the pace for the remainder of the program.

Assistant General Manager John Loiacono then presented a brief update on the developments with the Wastewater Master Plan and discussed a recent all day workshop to discuss various alternatives. Commissioner Sklar asked if there were sufficient resources available and was assured by staff that if additional resources were needed they would be requested. Mr. Loiacono noted that a draft for discussion should be ready for review by the Commissioners by July.

c) Owner Controlled Insurance Plan (OCIP) Feasibility Study Update Report

Assistant General Manager of Infrastructure Harlan Kelly gave the Commissioners an update on the OCIP noting that Warren McVeigh, as consultant, had been brought on board following issuance of a Request for Proposals (RFP) for this project in February and that work was underway in developing a feasibility model that would be brought to the Commissioners for their review later in the summer. President Brooks urged that the Advisory Committee look closely at developing a contractor based incentive program. Commissioner Normandy agreed that use of both a carrot and stick approach would be wise calling attention to the recent great success of contractor Incentives in the record time repair of the fire damaged MacArthur Maze freeway structure.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

Moved by Commissioner Normandy, seconded by Commissioner Werbach, to adopt items (a-b) listed under the Consent

Calendar; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

a) Resolution No. 07-0088: Approve the plans and specifications and award CUW 260 and CUW 850 Water Main Replacement/Retrofit Program-funded Contract No. WD 2462 8-Inch and 12-Inch Ductile Iron Main Installation in Connecticut St., Texas St., 19th St and 20th St., in the amount of \$1,850,452 to the second lowest, qualified, responsible and responsive bidder, Synergy Project Management.

b) Resolution No. 07-0089: Accept work performed for Water Enterprise Water Main Replace/Retrofit Program Program-funded Contract No. WD-2420R, 17th, Arkansas, Carolina and Buchanan Streets 8-Inch Ductile Iron Main Installation, by Synergy Project Management, approve Modification No. 2 (final) increasing the contract by \$372,380, for a total contract amount of \$1,638,980, and with a non-compensatory time extension of 30 consecutive calendar days for a total contract duration of 330 consecutive calendar days; and authorize final payment, in the amount of \$452,535 (including previous \$81,949 retention) to the contractor.

REGULAR BUSINESS

9. Discussion and possible action to provide a water services conservation billing adjustment to large household customers subject to the tiered rate structure of the proposed Water Service Schedule W-1A, and to provide criteria for granting adjustments and the development of procedures to administer large household requests for such adjustments.

Commissioner Sklar began the discussion by outlining his substitute recommendation that simplified the proposed language while remaining the substance of the staff's recommendations to address concerns raised by property owners, and some homeowner's associations with the perceived negative impact of the tiered rates system on families and residential homeowners. Commissioner Sklar also suggested that the Commissioners take a formal position on the question of a more equitable pass through of Water and sewer fees. Commissioner Werbach applauded efforts to encourage conservation but noted that he would be uncomfortable with application of such a model to unmetred multifamily building.

Commissioner Sklar clarified his proposal was to address the concerns of individually metered users who found themselves shifted from tier two to tier three. Assistant General Manager Scott MacDonald, in response to a query by Commissioner Werbach described the data used to identify the various subgroups of users and noted that single larger correlation reported with use was low size. President Brooks found the suggested revision was reasonable and workable. Commissioner Werbach suggested amending the proposed resolution to add calling for a review by the Commissioners of how this was working in a year be included in the proposed resolution.

President Brooks commended Commissioner Sklar's leadership on this issue and thanked the Mayor and Supervisor Alioto-Pier for working cooperatively with SFPUC staff to address the concerns expressed in a forthright and proactive way.

There then followed a discussion among the Commissioners concerning how they might address the pass through to tenant users of water charges. It was the consensus among the Commissioners that this subject was important and needed to be further considered, that it was not within the Commission's jurisdiction, and that it was a matter to be addressed by the Rent Stabilization Board and the Board of Supervisors. Commissioner Sklar noted that it was important to take a public position on this matter so as to make clear were the SFPUC stood on this subject. Commissioner Normandy suggested that Commissioner Sklar's proposed "sense of the commission" resolution on rate pass through be continued to a future meeting to allow for careful consideration of the SFPUC's proper role in discussion of this issue outside of its jurisdiction.

In response to a question by Commissioner Caen, it was clarified that this matter was under the sole jurisdiction of the Rent Stabilization and Arbitration Board and ultimately the Board of Supervisors. President Brooks noted that the discussion was moving in the right direction but felt that the Commissioners should take time to fully consider how they might choose to address it.

Public Comment:

Phil Ginsburg, Chief of Staff to Mayor Newsom, thanked the Commissioners for their leadership on this issue and called attention to the recommendations made by the Mayor in his May 18, 2007, letter on this subject to the Commissioners.

Ms. Denise LaPointe, President of West Twin Peaks Central Council, found the proposed revised approach unsatisfactory and expressed her association's members continued opposition to the rates as proposed.

Mr. Bart Murphy, San Francisco resident, applauded putting pressure on the Rent Board but still expressed opposition to the proposed rates and observed that the Board of Supervisors should take action to overlook landlord /tenant disagreements and allow all of the water related costs to be passed through to tenants.

Mr. Paul O' Driscoll, Residential Builders Association, criticized the system used to assess water and wastewater rates, expressed his personal opposition to them as proposed, and found them to be totally unfair.

Mr. Brook Turner, Coalition for Better Housing/ San Francisco Taxpayer's Union, reported their continued opposition to the proposed rates but noted favorably the Commission's discussion of allowing pass through of water charges to tenants as a good first step. Mr. Turner urged that the increases not be imposed until all of the issues had been resolved and reported that property owners were in discussion with the City Attorney concerning allowable pass through under the Proposition A Water System Replacement and Repair Bond. Mr. Turner noted that the SFPUC had successfully addressed these conservation related questions during the previous drought.

Mr. Rickie Hart, Residential Builder's Association, found unfair the disparate treatment of residential and commercial users, and criticized the Agency's system for assessing fees for contractors; suggesting that they were so burdensome as to seem intended to drive small contractors out of business in the City. Mr. Hart also called attention to what he thought to be wasteful water use by some City Agencies.

Ms. Janan New, Director of the San Francisco Apartment Association, thanked Commissioner Sklar for his efforts to remedy what her member believed to be unfair treatment of property owners, discussed the many difficulties that landlords experienced in trying to sub meter their properties, and the difficulties in convincing tenants to conserve water as they were not responsible for paying for its use. Ms. New asked that imposition of the new rates be delayed until all of these issue could be resolved.

Mr. John Connelly, Residential Builder's Association, found it unreasonable to try to set rates and foster conservation in a situation where 70% of the water users did not have to pay for its use. Mr. Connelly further chided the Commissioners concerning what he thought to be an unfair requirement that contractor had to pay their fees up front for connections to the system.

Ms. Barbara Meskunas speaking in behalf of the San Francisco Taxpayer's Union and numerous other community organizations that she said were opposed to the proposed rates, suggesting they were unfairly targeting families and criticized Commissioner Sklar's proposed remedy suggesting it would violate system users rights to privacy. Ms. Meskunas suggested that instead the Commission adopt use of a uniform rate for all users for one year to allow time to develop a fairer way to apportion system costs.

Ms. Joan Girandot, representing the Coalition for San Francisco Neighborhoods, echoed Ms. Meskunas' comments calling for adoption of a uniform rate and noted her longstanding opposition to use of the tiered rate structure. Ms. Girandot also recommended adoption of a uniform user rate for one year to allow for creation of a system she would accept as fair. She also cited the City's Department of Recreation and Park for its waste of water and urged the Agency take action against them.

On the Amendment to Commissioner Sklar's substitute resolution calling for a review of the proposed appeal system in one year moved by Commissioner Werbach, seconded by Commissioner Normandy, 5-0 AYE (Brooks, Caen, Normandy, Sklar, Werbach) adopted unanimously.

Moved by Commissioner Sklar, seconded by Commissioner Werbach, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

Resolution No.07-0090: Adopt the water services billing adjustment and direct the General Manager to promptly implement appropriate procedures to administer the conservation billing adjustment review process.

10. Reaffirming the appointment of Ed Harrington as Director to the San Francisco Bay Area Regional Water System Financing Authority (SFBARWSFA) .

Moved by Commissioner Caen, seconded by Commissioner Sklar, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

Resolution No. 07-0091: That the Commission adopt the attached resolution reaffirming the Board of Supervisors appointment of City Controller Ed Harrington as Director to the San Francisco Bay Area Regional Water System Financing Authority (SFBARWSFA).

11. Discussion and possible action approving fees to be charged for certain uses of lodging facilities under the jurisdiction of Public Utilities Commission located in the vicinity of Hetch Hetchy Reservoir.

Moved by Commissioner Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

Resolution No. 07-0092: Approving the fees to be charged for certain uses of lodging facilities under the jurisdiction of Public Utilities Commission located in the vicinity of Hetch Hetchy Reservoir. The proposed fees will become effective January 1, 2008.

12. Discussion and possible action to approve the miscellaneous fees and charges related to the provision of water service within and outside the City and County of San Francisco.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

It was the consensus of the Commission in agreement with Commissioner Sklar's observation that the General Manager shall not allow any use of these facilities without pre-payment in full by anyone who had been delinquent in paying previously owed billings for their use of these Agency facilities.

Resolution No. 07-0086 Approve the miscellaneous fees and charges related to the provision of water service within and outside the City and County of San Francisco. The proposed fees will become effective July 1, 2007.

13. Discussion and possible action to authorize the General Manager to execute the Second Amendment to the Second Memorandum of Understanding by and between the San Francisco Public Utilities Commission and North Coast County Water District.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

Resolution No. 07-0093: Authorize the General Manager to execute the Second Amendment to the Second Memorandum of Understanding by and between the San Francisco Public Utilities Commission and North Coast County Water District to provide the SFPU's share of the cost for consulting services necessary to continue design, environmental review and permitting work on the Pacifica Recycled Water Project, in an amount not to exceed \$889,629, subject to City Attorney approval as to the form of the agreement. This requested would be funded under the purview of the Water System Improvement Program (WSIP).

PROFESSIONAL SERVICE CONTRACTS

14. Discussion and possible action to approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748A.

Moved by Commissioner Werbach, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

Resolution No. 07-0094: Approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748A, Planning and Engineering Services, Sewer System Master Plan, with the Brown & Caldwell, Carollo Engineers, Metcalf & Eddy, Joint Venture (BCM JV) to help develop wastewater/sewer system master plan and financial plan; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$800,000, for a total agreement amount of \$3,300,000 with a time extension of 19 months, for a total agreement duration of 55 months.

15. Discussion and possible action to approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748B, Planning and Engineering Services, Sewer System Master Plan, with the Brown & Caldwell, Carollo Engineers, Metcalf & Eddy, Joint Venture (BCM JV).

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

Resolution No. 07-0095: Approve Amendment No. 1 to Wastewater Enterprise Master Plan-funded Agreement No. CS-748B, Planning and Engineering Services, Sewer System Master Plan, with the Brown & Caldwell, Carollo Engineers, Metcalf & Eddy, Joint Venture (BCM JV) to help develop wastewater treatment alternatives; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$840,000, for a total agreement amount of \$2,590,000 with a time extension of 19 months, for a total agreement duration of 55 months.

President Brooks noting that some of the members of the public in attendance who wished to comment on a matter not on the meeting's agenda had not been in the room when Public Comment was called and therefore he reopened general Public Comment to allow them to present their views.

Public Comment:

Mr. Alan Bryant, San Francisco resident, decried use of his neighborhood as the routine location for toxic public services facilities and spoke in opposition to approval of the proposed Transbay transmission cable, suggesting it be built in some other neighborhood instead.

Ms. Brenda Henry Kittrell, San Francisco resident, noted that on behalf of her Potrero Hill neighbors she was speaking out in opposition to approval of the proposed Transbay transmission cable.

Ms. Gloria Lawrence, San Francisco Bayview Hunters point resident, spoke in opposition to reopening any power plant in her community, noting she was proud of her neighborhood and was in opposition to approval of the proposed Transbay transmission cable.

Ms. Leesha Langlois, San Francisco resident, reported she was against approval of the proposed Transbay transmission cable saying it was a waste of valuable land and some other way should be found to supply needed power.

Ms. Aubria Jefferson, spoke in opposition to approval of the proposed Transbay transmission cable suggesting it was not needed and questioning who would have to pay for it. Ms. Jefferson suggested if it were needed that alternative power sources or its location elsewhere be considered.

Ms. Verna Williams, spoke in opposition to opening any new power plant in the Bayview Hunters Point Community and against approval of the proposed Transbay transmission cable.

Ms. Espinola Crawley, citing numerous family members long history of environmentally related health problems, spoke in opposition to approval of the proposed Transbay transmission cable as she wanted no new power plants in her community and suggested that if needed it be located elsewhere in the City.

Mr. Dennis Lumsey, APRI + PAC, spoke in opposition to approval of the proposed Transbay transmission cable and reported that this matter raised many issues in his community about the City's history of dumping bad things there and that all other alternatives should be fully considered first.

Jonathan, a Bayview Hunters Point resident, spoke in opposition to approval of the proposed Transbay transmission cable, felt that the plans to locate the Transbay transmission cable in his community reflected a longstanding lack of respect for the community.

Mr. Derrall Cockran, spoke in opposition to approval of the proposed Transbay transmission cable and urged that the City consider community-based alternatives.

President Brooks thanked the community members for remaining through the previous long discussions to offer their public comments. Commissioner Sklar expressed concern that the speakers seemed to have been misinformed that this project was an effort to reopen a power plant in their community. He said instead the proposed Transbay Transmission Cable was a very low environmental impact way it seemed to him to offer a reasonable chance for the Commission to respond to the state mandate that a Combustion Turbine (CT) facility be created and operated to avert any possible peak power usage shortages.

CLOSED SESSION

Deputy City Attorney Noreen Ambrose reported that Agenda Items #18 through #22 were being taken off calendar and would not be addressed during this Closed Session.

18. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a).

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

16. Public comments on matters to be discussed in Closed Session.

No public comment was offered on closed session items.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to assert the attorney-client privilege; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

The Public Utilities Commission met in Closed Session at 3:47 P.M. to discuss the following items:

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Delbon / Margolis)

Present were President Brooks, Vice President Caen, Commissioner Normandy, Commissioner Werbach, Commissioner Sklar, Assistant General Manager of External Affairs Laura Spanjian, SFPUC Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0096: Nawal Rizkallah v. City and County of San Francisco San Mateo Superior Court Case No. 4563874 City Attorney File No. 070045

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)

Present were President Brooks, Vice President Caen, Commissioner Normandy, Commissioner Werbach, Commissioner Sklar, Assistant General Manager of External Affairs Laura Spanjian, SFPUC Legal Counsel Noreen Ambrose, and Commission Secretary Michael Housh.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0097: Clinton T. Reilly Claim No. 07-02774, Filed April 23, 2007.

The Public Utilities Commission reconvened in open session at 3:42 P.M.

25. Announcement following Closed Session.

26. President Brooks announced that Agenda Item #23 had been settled and Agenda Item #24 had also been taken off calendar.

26. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Sklar, seconded by Commissioner Normandy not to disclose the discussions during Closed Session; passed (5-0 Brooks, Caen, Normandy, Werbach and Sklar) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:43 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTO_ID/369/C_ID/3501

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

SPECIAL MEETING

Thursday, June 7, 2007
2:00 P.M.

City Hall, Room 263

(NOTE DIFFERENT MEETING TIME and ROOM LOCATION)

1 Dr. Carlton B. Goodlett Place

3:20 p.m. msf
DOCUMENTS DEPT.

JUN - 4 2007

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PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

4. Discussion and possible action related to withdrawal of the proposed Water Enterprise rates, fees, and charges adopted on May 8, 2007, and further consideration of and possible action by the Commission related to adoption of proposed Water Enterprise rates, fees and charges.

Staff Recommendation: To withdraw the proposed Water Enterprise rates, fees and charges adopted on May 8, 2007, and further consideration of and possible action by the Commission related to adoption of proposed Water Enterprise rates, fees and charges.

5. Discussion and possible action related to withdrawal of the proposed Wastewater Enterprise rates, fees and charges adopted on May 8, 2007, and further consideration of and possible action by the Commission related to adoption of proposed Wastewater Enterprise rates, fees, and charges.

Staff Recommendation: To withdraw the proposed Wastewater Enterprise rates, fees, and charges adopted on May 8, 2007, and further consideration of and possible action by the Commission related to adoption of proposed Wastewater Enterprise rates, fees, and charges.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, June 12, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

4:00 p.m. mst
DOCUMENTS DEPT.

JUN - 8 2007

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COMMISSIONERS

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the May 22, 2007, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

- a) Retirement Resolution, Jennie Lee - 43 years Secretary Infrastructure *(Kelly)*
Retirement Resolution, Ron Jetke - 34 years SFPUC Water Quality Bureau *(Carlin)*
- b) Retirement Resolution Dan Gilman - 31 years Wastewater Enterprise *(Franza)*
Retirement Resolution William Keaney - 25 years Wastewater Enterprise *(Franza)*
- c) Water System Improvement Program/Capital Program/ *(Irons)*
Wastewater Master Plan
- d) Economic Impact of Water Shortage Report *(Irons)*
- e) Expanding use of GPS in SFPUC Vehicles. *(Leal)*
- f) Water Supply and Consumption Update *(Carlin)*

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed for Water Enterprise A & B Bond funded Contract No. WD-2401R, Calaveras Valve Lot Upgrades, by Power Engineering, approve Modification No. 1 (Final) decreasing the contract by \$140,522.82, for a total contract amount of \$1,317,037.47 and with a time extension of 206 consecutive calendar days for a total contract duration of 476 consecutive calendar days; and authorize final payment, in the amount of \$2,692.09 and release retention in the amount of \$65,717.27, to the contractor.
- b) Staff Recommendation: Approve the plans and specifications and award Water Enterprise Water System Improvement Program-funded Contract No. WD-2530, Pipeline Repair & Readiness Improvement Phase B – Pipe Rolling Facility, in the amount of \$1,047,600, to the lowest, qualified, responsible and responsive bidder, NTK Construction.

REGULAR BUSINESS

9. Discussion and possible action by the Commission related to adoption of Water Enterprise rates, fees and charges. *(MacDonald)*
- Staff Recommendation: Further consideration of and possible action by the Commission related to adoption of proposed Water Enterprise rates, fees and charges.
10. Discussion and possible action related to adoption of proposed Wastewater Enterprise rates, fees, and charges. *(MacDonald)*
- Staff Recommendation: Further consideration of and possible action by the Commission related to adoption of Wastewater Enterprise rates, fees, and charges.

11. Discussion and possible action to approve a Resolution stating the conclusions and recommendations of the SFPUC as to how the Trans Bay Cable project would affect the achievement of San Francisco's energy goals and policies. *(Hale)*

Staff Recommendation: **Approve** Resolution to support the Trans Bay Cable project (TBC) as generally consistent with the achievement of San Francisco's energy goals and policies provided that the potential negative impacts of the project are offset by: 1) TBC's agreement to provide the SFPUC with approximately \$25 million over the next ten years to promote development of renewable energy and energy efficiency projects; 2) potential further benefits from Babcock & Brown (the developer of TBC) to work with the SFPUC to develop renewable power; and 3) submission to the Board of Supervisors for approval to draft an ordinance requiring enhanced Title 24 energy efficiency and renewable generation development.

12. Discussion and possible action to authorize the General Manager of the San Francisco Public Utilities Commission to execute, on behalf of the City and County of San Francisco, a Memorandum of Agreement with the City of New Orleans, State of Louisiana, to provide for a reciprocal equipment loan agreement to provide support under extraordinary or emergency conditions, with a duration of 8 years, renewable. *(Irons)*

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission to execute, on behalf of the City and County of San Francisco, a Memorandum of Agreement with the City of New Orleans, State of Louisiana, to provide for a reciprocal equipment loan agreement to provide support under extraordinary or emergency conditions, with a duration of 8 years, renewable.

13. Discussion and possible action to Approve Amendment No. 3 to Agreement No. CS-672.B, Alameda Watershed Habitat Conservation Plan (HCP). *(Carlin)*

Staff Recommendation: **Approve** Amendment No. 3 to Agreement No. CS-672.B, Alameda Watershed Habitat Conservation Plan (HCP), with the Jones and Stokes/Robert Group Joint Venture (JSR), to extend the contract for an additional 42 months, from June 19, 2007 to December 19, 2010, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by an amount not to exceed \$866,109, for a total agreement amount not to exceed \$1,951,109, and with a time extension of 1302 consecutive calendar days, for a total agreement duration of 2976 consecutive calendar days or 8 years.

14. Discussion and possible action to approve Amendment No. 2 to Agreement No. CS-672.J, Alameda Watershed Habitat Conservation Plan (HCP) Environmental Impact Report/Environmental Impact Statement (EIR/EIS). *(Carlin)*

Staff Recommendation: Approve Amendment No. 2 to Agreement No. CS-672.J, Alameda Watershed Habitat Conservation Plan (HCP) Environmental Impact Report/Environmental Impact Statement (EIR/EIS), with LSA Associates Inc., to extend the contract for an additional 64 months, from August 2, 2007 to December 2, 2012 and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$89,600, for a total agreement amount of \$339,060, and with a time extension of 1984 consecutive calendar days, for a total agreement duration of 3286 consecutive calendar days or a little more than 8.75 years.

15. Discussion and possible action to authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco, a Memorandum of Understanding (MOU) with the City of Daly City (Daly City) to finalize the groundwater flow model for the Westside Basin. *(Carlin)*

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Understanding (MOU) with the City of Daly City (Daly City) which will allow Daly City to accept and expend funds provided by the San Francisco Public Utilities Commission (SFPUC) to finalize the groundwater flow model for the Westside Basin. Authorizing the General Manager to deliver an amount of up to \$20,000 to Daly City for the purpose of funding a consultant to enter updated groundwater data, update model parameters, and issue a model report and model users manual.

REAL PROPERTY TRANSACTIONS

16. Discussion and possible action to accommodate the conveyance and quitclaim of a sewer easement area consisting of approximately 22 square feet, to the Glen Park Marketplace Homeowner's Association, the Glen Park Group LLC and the City and County of San Francisco as tenants in common (Buyer). *(Dowd)*

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission, on behalf of the City and County of San Francisco, to request the Director of the Real Estate Division of the Office of the City Administrator to prepare and submit legislation to the Board of Supervisors to accommodate the conveyance and quitclaim of a sewer

easement area consisting of approximately 22 square feet, to the Glen Park Marketplace Homeowner's Association, the Glen Park Group LLC and the City and County of San Francisco as tenants in common (Buyer).

CONSTRUCTION CONTRACTS

Close

17. Discussion and possible action related to accept work performed by Proven Management for Water Enterprise A & B Bond-funded Contract No. WD-2398R Merced Manor Reservoir Upgrade, approve modification No 5 (Final) for a time extension of 73 consecutive calendar days for a total contract amount of \$5,609,217.40, and with a total contract duration of 513 consecutive calendar days; and authorize final payment for the amount of \$82,007.80 to the contractor. *(Carlin)*

Staff Recommendation: Accept work performed by Proven Management for Water Enterprise A & B Bond-funded Contract No. WD-2398R Merced Manor Reservoir Upgrade, approve modification No 5 (Final) for a time extension of 73 consecutive calendar days for a total contract amount of \$5,609,217.40, and with a total contract duration of 513 consecutive calendar days; and authorize final payment for the amount of \$82,007.80 to the contractor.

PROFESSIONAL SERVICE CONTRACTS

Award

18. Discussion and possible action to Approve the selection of Jacobs Associates; award Wastewater Enterprise 5-Year CIP-funded Agreement No. CS-860. *(Franza)*

Staff Recommendation: Approve the selection of Jacobs Associates; award Wastewater Enterprise 5-Year CIP-funded Agreement No. CS-860, Tunnel Engineering Services for the Sunnydale Auxiliary Sewer Project, to provide the design for the Sunnydale Auxiliary Tunnel; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with Jacobs Associates for an amount not to exceed \$2,750,000, and with a duration of 36 months, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.
20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California. Case No. 01-30923-DM; Filed June, 2004.

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EI.05-133-000; Filed June 29, 2005.

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (*Aubrey*)

Existing Litigation: Pacific Bell Telephone v City and County of San Francisco
San Francisco Superior Court No. 457-327
City Attorney File No. 0707054, Filed October 11, 2006

27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2)
(*Ambrose*)

Anticipated Litigation: As Plaintiff.

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (*Rothschild*)

Existing Litigation: Anthony C. Vaughn
Claim No. 07-02740, Filed April 19, 2007

29. Public Employee Performance Evaluation – Pursuant to Government Code 54957.
Position: Assistant General Manager. (*Modena*)

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

30. Announcement following Closed Session.

31. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, June 26, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

3:15 p.m. MSF
DOCUMENTS DEPT.

JUN 21 2007

COMMISSIONERS

SAN FRANCISCO
PUBLIC LIBRARY

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

- a) Minutes of the June 7, 2007, Special Meeting
- b) Minutes of the June 12, 2007, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

- a) Retirement Resolutions: Igris "Bob" Lembi – 35 years, Michael Neary – 32 years, Juan Dabdoub – 26 years and recognition of Dan Gilman - 31 years Wastewater Enterprise
(Vizcarra and Medberry)
- b) Water System Improvement Program/Capital Program/
Wastewater Master Plan *(Irons)*
- c) Bottled Water Issues *(Spanjian)*
- d) Water Conservation and Outreach Update *(Carlin/Spanjian)*

8. SFPUC Citizen's Advisory Committee (CAC) Chair's Report

- a) Alex Lantsberg, Chair SFPUC Citizens' Advisory Committee (CAC) update on CAC resolutions, new members of subcommittees, goals and objectives for the Year.

9. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report
- a) BAWSCA Update

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed for Hetch Hetchy Water R&R funded Project CUH851 Turbine Generator Replacement, Contract No. HH-907 Holm Powerhouse Generators No. 1 and No. 2 Rehabilitation, approve Modification No. 5 (Final), decreasing the contract by \$45,166.11, for a total contract amount of \$4,641,913.84; and authorize final payment including retention release, in the amount of \$155,575.68, to the contractor, GE Hydro Power, Inc.
- b) Staff Recommendation: Approve the plans and specifications and award Contract No. WD-2546, City Distribution Division As-Needed 2007/2008 Annual Paving, in the amount of \$2,953,212 to the lowest, qualified, responsible and responsive bidder, A. Ruiz Construction

REGULAR BUSINESS

11. Discussion and possible action related to authorize the General Manager to execute the Memorandum of Understanding with the North San Mateo County Sanitation District, a subsidiary of the City of Daly City (Daly City) regarding the Harding/Fleming Golf Course Recycled Water Project. *(Carlin)*

Staff Recommendation: Authorize the General Manager to execute the Memorandum of Understanding by and between the San Francisco Public

Utilities Commission (SFPUC) and The North San Mateo County Sanitation District, a subsidiary of the City of Daly City (Daly City) and to provide the SFPUC's funding for consulting services necessary to assess the feasibility of the Harding/Fleming Golf Course Recycled Water Project, in an amount not to exceed \$60,000, subject to City Attorney approval as to the form of the agreement. This request would be funded through the operating budget of the Water Enterprise, Index Code 470701. In the event that the project is determined to be feasible, additional funds would be requested under separate cover.

12. Discussion and possible action related to authorize the General Manager to accept and expend grant funds totaling \$660,000 from the Hazard Mitigation Grant Program of the Federal Emergency Management Agency to execute all required agreements. *(Carlin)*

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission to request permission from the Board of Supervisors to accept and expend grant funds totaling \$660,000 from the Hazard Mitigation Grant Program of the Federal Emergency Management Agency, as administered by its agent, the Governor's Office of Emergency Services of the State of California; and to execute all required agreements.

REAL PROPERTY TRANSACTIONS

13. Discussion and possible action related to authorize the General Manager to execute a Lease with New Cingular Wireless PCS, LLC, for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on Parcel 65 of Alameda County lands (aka 11600 Pleasanton Sunol Road), Sunol, California. *(Dowd)*

Staff Recommendation: Authorizing the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a Lease with New Cingular Wireless PCS, LLC, a Delaware limited liability company, for approximately three hundred (360) square feet of space for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on San Francisco Public Utilities Commission Watershed land located on a portion of Parcel 65 of Alameda County lands (aka 11600 Pleasanton Sunol Road), Sunol, California.

Special Lease Clauses: 28.1, 28.2, 28.3, 28.4, 28.5

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to approve WD-2504 Stanford Heights Reservoir Seismic Retrofit and Improvements. (Fung)

Staff Recommendation: Approve the plans and specifications and award Water Enterprise Water System Improvement Program funded Contract No. WD-2504 Stanford Heights Reservoir Seismic Retrofit and Improvements, in the amount of \$17,899,960, to the lowest, qualified, responsible and responsive bidder, S.J. Amoroso Construction.

PROFESSIONAL SERVICE CONTRACTS

Amend

15. Discussion and possible action related to amend No. #1 to Water Enterprise Water System Improvement Program Agreement No. CS-804, Engineering Services for the Alameda Siphon No. 4. (Irons)

Staff Recommendation: Approve Amendment No. #1 to Water Enterprise Water System Improvement Program Agreement No. CS-804, Engineering Services for the Alameda Siphon No. 4, with Black and Veatch/AGS Inc., A Joint Venture Company to perform additional geotechnical fieldwork and engineering services, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$830,607, for a total agreement amount of \$2,830,607, with no time extension, for a total agreement duration of 44 months.

16. Discussion and possible action related to approve amendment No. 1 for CS-814, Water Saver Program. (Carlin)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission to execute an amendment No. 1 for CS-814, Water Saver Program by increasing the agreement by \$250,000, for a total agreement amount of \$650,000, and with a time extension of one year, for a total agreement duration of 2 years.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.
18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

23. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission. Docket No. EL05-133-000; Filed June 29, 2005.

24. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2)

(Ambrose)

Anticipated Litigation: As Plaintiff.

25. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). *(Rothschild)*

Existing Litigation: SW Hotel, Inc. dba Sam Wong Hotel
Claim No. 07-01680, Filed December 28, 2006

26. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). *(Rothschild)*

Existing Litigation: California Casualty Indemnity Exchange as
subrogee for Carole Luckenbach
Claim No. 07-02786 (07-W-6057-1), Filed April 25, 2007

27. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). *(Rothschild)*

Existing Litigation: Anna Branzuela,
Claim No. 06-W-0086-31), Filed October 23, 2006

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





SAN FRANCISCO Public Utilities Commission

6/26/07 Minutes San Francisco Public Utilities Commission

Published: 07/16/2007 | Updated: 07/19/2007

Published By: Commission

MINUTES

Tuesday, June 26, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Adam Werbach

The Honorable Richard Sklar

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

DOCUMENTS DEPT.

JUN 24 2008

SAN FRANCISCO
PUBLIC LIBRARY**ORDER OF BUSINESS:**

1. Call to Order: 1:40 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Vice President Ann Moller Caen Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner Adam Werbach was excused.

President Brooks reported that Agenda Item #13 would be taken off the calendar.

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Sklar; to adopt the Minutes of the June 7 Special Meeting, and June 12, 2007, Regular Meeting; passed (4-0) unanimously.

4. Public Comments

There were no public comments.

5. Communications

Commissioner Sklar reported there was a resolution adopted last week that might need some clarification based on what was said during last week's meeting in Resolution 07 0107 on the second page, in the second whereas clause discussing approval or rejection of the Trans Bay Project. Commissioner Sklar felt while amended, the language did not sufficiently make clear the Commission's view that with a new transmission cable in place, circumstances underlying the CAL-ISO position on the CT's were significantly changed. Commissioner Sklar suggested that the revised language did not quite get at the spirit of what was suggested last week. Commissioner Sklar recommended that the wording be clarified further to state that the approval of the Trans Bay Project, "may effect" the position taken by CAL-ISO, requiring the installation of the combustion turbine facility.

President Brooks noted, seconded by Commissioner Normandy, that this seemed to be a minor clarification of language that might be addressed administratively. Deputy City Attorney Noreen Ambrose noted that unfortunately as the proposed change was not on the meeting's agenda, and as the clarification was not a typographical and technical correction nor was the Commission's intent clearly supported by the recording of the meeting or the discussion as reported in the Minutes, it would be necessary to calendar this proposed revision for discussion and possible action at a future meeting in order to address it.

6. Commission Business

President Brooks noted that Commissioner Werbach had called his attention to the recent passing of respected civic activist Mrs. Gallit Schiller and that an "In Memoriam" letter would be prepared for the Commissioner's signatures.

President Brooks requested that staff undertake the necessary preparations to calendar a regular meeting of the Commission to be held in the Bay View-Hunter's Point Community to engage in dialogue about issues of concern. The suggestion was seconded with the suggestion that this meeting be held in the evening to facilitate greater community attendance and participation.

7. Report of the General Manager

Next the Commissioner President called up Item 7 a) and the Commissioners unanimously approved resolutions in recognition of the outstanding service providing to the City and the Agency by retirees:

Resolution No. 07-0105 Igris "Bob" Lembi - 35 years

Resolution No. 07-0106 Michael Neary - 32 years

Resolution No. 07-0119 Juan Dabdoub - 26 years

and recognition of Dan Gilman - 31 years Wastewater Enterprise. The Honorees in attendance at the meeting joined the Commissioners on the dais for a commemorative photograph.

c) Bottled Water Issues

General Manager Susan Leal continued the presentation of her report with a discussion of recent activities aimed at curbing use of bottled water. The SFPUC has taken a position of over close to two years in saying bottled water is, for a number of reasons, not something we should support and in fact strongly should oppose in favor of our excellent tap water, beautiful clean water from the Hetch Hetchy Valley. Ms. Leal noted that our water comes directly from the high Sierras, and is tested a hundred times throughout the year, so that tap water meets a higher standard, than any bottled water. Ms. Leal continued pointing out it was fair to say regulation of bottled water was haphazard where as federal standards are very strict for water systems that are required to report every year, in great detail, concerning the quality of our water. Ms. Leal observed that from a public health view, tap water had many advantages over bottled water. Ms. Leal reported that the plastic water bottles contain petroleum and over the last decade over 60 million plastic bottles had been produced, of which only about 40 percent were recycled, so there were a lot of petroleum based products taking hundreds of even thousands of years to get rid of in landfills. Finally, Ms. Leal noted there was the relative high cost of bottled water as opposed to our pristine tap water.

Ms. Leal next called attention to Mayor Newsom's Executive Directive banning bottled water purchases by City Departments as an important change both from the point of view of health and good fiscal management. Regarding the latter point, Ms. Leal reported that a gallon of Hetch Hetchy water per unit cost was about one thousandth of the cost of a gallon of bottled water. Ms. Leal noted a recent Fox News piece reporting that many restaurants are moving away from bottled water and cited reports that Alice Waters, the godmother of California and United States cuisine, was not serving bottled water and was encouraging restaurants not only in San Francisco but across the nation to stop using bottled water. Ms. Leal reported that the \$11 billion dollar bottled water industry, was vigorously opposing this trend and due to its aggressive \$100 million a year advertising campaigns the number of people drinking bottles of water has gone up.

Assistant General Manager of External Affairs Laura Spanjan next expounded upon the superiority of pristine Sierra Hetch Hetchy water as opposed to the lesser standards required by bottled water vendors. Ms. Spanjan began her report on bottled water related issues by responding to insinuations in bottled water campaigns that there was greater safety in drinking bottled water, noting that bottle water does not have to meet the very stringent health and safety inspections standards and is not mandated to ensure the same level of consumer quality as our tap water. Ms. Spanjan reported that there had been studies in the past year and a half, such as one done by the NRDC, a study of 38 different brands of California bottled water, that found more than 31 contained higher levels of arsenic and methane's than tap water. In addition, Ms. Spanjan reported in other studies vended bottled water in nine urban counties in California were tested and it was found one third of the dispensed water contained methane levels above the lawful limit. In response to a question by Commissioner Sklar, Ms. Spanjan, noted that these contaminants could cause cancer, among other illness. Ms. Spanjan then cited a studied match up between public system tap water and bottled water that resulted from Fiji Water's challenging the City of Cleveland's tap water. She noted that it turned out Cleveland had very good water compared to Fiji. The match up revealed that the Fiji Water had traces of arsenic. Ms. Spanjan reported consumer protection bills were moving through California legislature, that if passed would give consumers much more information, requiring that bottled water to provide report of any contaminants just as water agencies are required to provide.

Ms. Spanjan continued that in a 2005 taste test, our water was compared to bottled. This was a blind test and 75 percent of the people, who tasted the different waters, either chose our water, or could not tell a difference between our tap water and the bottled. With that said, Ms. Spanjan reported a lot of interest and press over the last few days since the Mayor issued an Executive Directive banning single servings of bottled waters and called Mr. Wade Crowfoot, Assistant to the Mayor, with whom she had been working and who was helping other city agencies end use of bottled water, to discuss the Mayor's leadership.

Mr. Crowfoot thanked President Brooks, the Commissioners, and General Manager Leal for their leadership and partnership on the bottled water issue on behalf of the Mayor. Mr. Crowfoot reported that the Mayor's staff was very pleased to have initiated an Executive Directive and provided copies for the public in attendance. Mr. Crowfoot then reported that there had been a strong effort apposing a resolution on this issue proposed by the Mayor at the United States Conference of Mayors. Mr. Crowfoot noted that the Mayor had been in Los Angeles this past weekend and offered had called for resolution for a study for the bottled water industry and what local government could do on this issue. Mr. Crowfoot related that the Mayor had informed him that this resolution was the second most controversial issue after gay marriage that the Mayor had championed. He further noted that the Mayor told him that he had not seen so much floor discussion and debate on any other issue since that time. Mr. Crowfoot explained that the Mayor fought valiantly and overcame a well-organized beverage industry lobbying effort so that the Resolution made it out of the Environmental Committee and then was approved by the full Conference of Mayors.

Mr. Crowfoot reported that the environmental and public health benefits as well as the fiscal savings motivated the Mayor's action. He reported that the City could save half a million dollars as well as have an opportunity to engage in an environmentally important educational campaign. Mr. Crowfoot observed that he did not think many folks understood all of the negative impacts of bottled water use. Mr. Crowfoot reported that the Mayor formerly routinely drank Fiji Water until he educated himself about its negative impacts even more so after he learned that it takes a gallon of oil to bring water from Fiji to the Mayor's desk and if this point was not a wake up call he did not know what would be.

Ms. Spanjian next introduced the Executive Director of COTRA, Brian Breeze, to make a presentation.

Mr. Brian Breeze, COTRA, thanked the Commission, General Manager Leal, and the Mayor on behalf of California Trout, a statewide organization that protects rivers and streams and works to protect water for people and fish. Mr. Breeze commented that use of water, including for bottling, has a significant detrimental impact on our natural environment, noting habitats and wildlife, including endangered species, are often placed at risk. Mr. Breeze observed that in California we were beginning to see impacts in some of our critical areas, which include some of the most important rivers of the state that provide for our economy and drinking water supply and environmental health, resulting from their being targeted by bottled companies because their water is cold, clean, and healthful. Mr. Breeze pointed out that California has among the most tenuous water situations in the United States and certainly the world. He noted there was a need to think and act well beyond bottled water to sustainable managements of this scarce resource, cold, clean water. Mr. Breeze expressed his hope that addressing this issue is seen as one step towards a larger vision of smartly managed water to protect our powerful economy, unique environment, and children's future. Mr. Breeze concluded by thanking the Commissioners for the opportunity to discuss this matter.

Adam of Food and Water, an advocacy organization that addresses control of water issues, thanked the Mayor's Office and San Francisco PUC for bringing this issue forcefully forward. He pointed out that millions of Americans have somehow become convinced that bottled water is better than tap water as a result of a multi-million dollar campaign claiming that bottled water is pure and by implication, tap water is not. He noted that in 2003, 74 percent of those surveyed bought bottled water and 24 percent exclusively bought bottled water, and this phenomenon came at a time that we are in dire need of public water system upgrades and repairs, an issue San Francisco faces as well. He observed that the Government Accounting Office GAO has said there was a funding gap and increased expenditure would be necessary in order to retain the integrity of our national wastewater infrastructure. He noted that the Congress has been stingy in allocating needed funds and the President has actually advocated cutting funding, a trend that began in the 1980's. It was noted that this lack of financing resources had been squeezing smaller agencies and their smaller tax bases and many of them are being forced to privatize their systems leading to a decline in services and steep rate likes. He noted his organization would release a report called "Take back the Tap" to explore how bottled water use undermined support for tap water and urging the federal government to step up to create a dedicated source of funding for our water infrastructure.

Ms. Spanjian concluded this presentation by discussing one of the efforts being made to help get bottled waters out of our system. Residents that sign a pledge to never buy bottled water will be provided with a portable steel canister, acquired in conjunction with the educational efforts of the City's Department of the Environment, to encourage people to fill up these steel bottles with cold clean tap water and drink from them in offices and cars.

Public Comment on Agenda Item 7 c)

Mr. Michael Davis reported that he had been involved in this particular issue for years and was very happy to see this step as well as the Mayor's Executive Directive. Mr. Davis report that he owned a company called US Pure Water that contract to replace bottled water with bottle less water coolers. Mr. Davis noted that these water coolers use one fifth of the energy that is used in bottled water watercoolers producing another energy savings to help diminish global warming. Mr. Davis called attention to a book called The World's Water that had an extensive section addressing issues concerning bottled water. Mr. Davis remarked that San Francisco and most of the Bay Area was blessed with one of the best water supplies in the world, and it made more sense to utilize it instead of bottled water.

Mr. Stuart Moody reported that he had been doing public education on bottled water and use of plastic in general and was

grateful for the hearing. Mr. Moody congratulated the General Manager on a recent San Francisco Chronicle Op-ed piece she had authored on this topic and Mayor Newsom for his leadership on this matter. Mr. Moody agreed with the points brought up by others, observing that bottled water was not guaranteed to be clean, and noted another problem, the leaching of contaminants from the plastic containers into bottled water. He noted that scientists were routinely instructed not to use bottled water in samples because their plastic containers contaminated them. To demonstrate this problem he reported that last September he sent a bottle of water to a lab for analysis and the report came back rating the contents hazardous. Mr. Moody also pointed out that use of bottled water was a wasteful energy consuming way of consuming something and urged that society and its agencies reclaim the commons by doing what the PUC was doing.

Mr. Art Jensen, General Manager of BAWSCA, commended the General Manager and staff and Mayor Newsom for the initiative taken on this issue, and noted an additional consideration, that as public agencies struggled to maintain their rate structures, given how much people spend on bottled water, it struck him that savings to the consumer by eliminating bottled water could easily more than equal the cost of all the construction funding needs of water supply systems.

Commission Discussion

Commissioner Normandy voiced his agreement with everything that the previous speakers and PUC staff had been doing to stay in the forefront of environment protection in many areas. Commissioner Normandy observed that the PUC had among the purest water available in the world. Commissioner Normandy asked how much money did the Agency plan to spend on this campaign and how do we justify these expenditures to our ratepayers? The Commissioner noted his concern was that as a monopoly without competition, how we could justify such expenses? The Commissioner noted that he did not have quarrel with the Department of the Environment and/or Mayor's Office for doing such public education efforts as being within their responsibilities, but asked how could we justify our programs. Commissioner Normandy's second point was to recall that the Commission no more than five or ten or six years ago attempted marketing our own bottled water. Commissioner Normandy noted that the Agency's purpose in doing so was primarily to get a message across about the purity of our water rather than compete with other bottled water producers. Commissioner Normandy recommended it would be best for the PUC to note this fact rather than have someone in the media suggest hypocrisy on our part.

Ms. Leal noted in response that the City was saving over a half million dollars per year getting rid of bottled water contracts and the money General Fund Departments were paying for bottle less dispensers was much less than that. Regarding the PUC's role, Ms. Leal observed that our efforts used only existing staff time and that included providing staff to work with the Purchaser and Mayor's Office helping other departments determine how to get bottled water out of their offices. Ms. Leal noted beyond that the PUC was not spending additional funds. Vice President Caen noted that when the PUC had attempted to enter the bottled water business the underlying idea was a goal down the road to put our water in all of our buildings, so she was very happy to see that time had come.

Next at Mr. Lantsberg's request President Brooks called up Item # 8 the Citizen's Advisory Committee quarterly report out of order.

8. SFPUC Citizen's Advisory Committee (CAC) Chair's Report

- a) Alex Lantsberg, Chair SFPUC Citizens' Advisory Committee (CAC) update on CAC resolutions, new members of subcommittees, goals and objectives for the year.

Mr. Lantsberg updated the Commission concerning recent activities of the Citizen's Advisory Committee (CAC) and applauded the General Manager Leal report that the SFPUC bio-diesel program was expected to yield a million gallons of B100 on an annual basis producing over 500 gallons of B120 for use. Mr. Lantsberg observed that we don't know beyond that but that Luis Harrison already had plans to expand and that he and staff had been encouraging that as well.

Mr. Lantsberg continued reporting on activities of the individual subcommittees and the full, CAC. Mr. Lantsberg noted what was on top for the next quarter or so was looking at revising the CAC and hopefully taking action next month to streamline the committee to make it more effective and responsive. Besides that he noted, that the CAC had heard a couple of great presentations: one in April on the ongoing work and another on how the contracting process could be used to encourage workforce development to get local people more involved in taking advantage of the work opportunities created by the capitol projects.

Returning to the General Manager's Report Agenda Item 7

- b) Water System Improvement Program/Capital Program/Wastewater Master Plan

Deputy General Manager Tony Irons had a few brief comments, calling attention to the quarterly report of local projects and the five-year, CIP. Mr. Irons noted that the SFPUC was improving the distribution system of the Hetch Hetchy system in San Francisco and investing significant amounts in improvement so that the delivery was more reliable and the pipes are new, and

were moving forward very, very well on that program. Mr. Irons next reported that the WSIP was on schedule and on budget, that 17 projects were in construction now and ten were in design. Mr. Irons reported two projects had been closed out and the Water System Improvement Program's management had done a remarkable job doing that. Mr. Irons next reported that the PEIR (Project Environmental Review) would be fully on line Friday. He reported that this would be four full volumes, somewhere around 3 thousand pages, and a fifth volume with all the appendices not be printed but distributed on CD because they were an extremely large documents. Mr. Irons explained that the document also contains a summary of what the overall content of this document was. It is being printed and there are literally thousands and thousands and thousands of pages and documents to be distributed pursuant to City and CEQA (California Environmental Quality Act) regulations and all of that would be available to you very shortly and the Commission could engage in discussions about the document.

Mr. Irons concluded by asking Ms. LaBonte to discuss a proposal to separate out the water recycling program and use of desalinated water as a stand-alone program, because the issues pertaining to those topics were different from those involved in the WSIP projects. In response to a question by Vice President Caen, Mr. Irons confirmed that funding to do so was sufficient and would be relocated with them if they shifted.

d) Water Conservation and Outreach Update

Ms. Laura Spanjian, Assistant General Manager for External Affairs, presented an update on the PUC's efforts to educate residents in San Francisco and the region in cooperation with BAWSCA to conserve water and how to obtain conservation related rebates. Ms. Spanjian reported that the PUC had mailed conservation tip sheets with advice, and sent notices to restaurants about rebates and conservation. Next, Ms. Spanjian discussed the regional conservation outreach program, which she described as a comprehensive outdoor print and marketing effort that will be launched in the beginning of July and will go through the Fall.

Ms. Spanjian noted that staff had been working with an advertising agency to help us with messages to encourage people to conserve and she showed the Commissioner some examples of the images. Ms. Spanjian reported that this portion of the educational outreach will begin in July and the beginning of August.

In response to a question by Commissioner Sklar concerning about making a decision not to move to mandatory rationing this year and to rely strictly on conservation, Ms. Leal noted that it was her understanding the direction of the Commission was to get the word out on conservation. Ms. Leal reported that this was what staff had also heard from members of the Board of Supervisors that the Supervisors wanted more conservation activities. Commissioner Sklar responded remarking that he was concerned that we were going to be in a box next year if we do not move to mandatory limits. Ms. Leal reported that the PUC had requested a ten percent cut back, and that so far, the public had responded and hopefully would continue to respond. Commissioner Sklar requested staff provide the Commissioners with a simple report showing water consumption this year as opposed to last year. Assistant General Manager of Water Michael Carlin responded discussing a memo on comparison of the water use and noted actual use was down about 12 percent.

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report.

Mr. Art Jensen, General Manager of BAWSCA, distributed a one page paper and a case holding a CD. Mr. Jensen explained that the Compact Disc contains an a very attractive tool to assist people in landscaping economizing on their water use. Mr. Jensen expressed appreciation for PUC staff working coordination with all of these messages. Mr. Jensen recalled comments offered by Commissioners Sklar and Werbach several meetings previously that efforts should be made to address water use for long term conservation.

In particular Mr. Jensen pointed to Commissioner Sklar's focus on outdoor water use for landscaping, and noted that was being targeted to specific audiences such as landscape architects, homeowners, landscapers, building managers and landscape maintenance workers. Mr. Jensen further explained that the CD contained an interactive data base program, so that one could can push a button and take a virtual tour as well as walk around various areas landscapes and go to types of yards, including front yards, backyards, side yards, and walkways, as well as provides alternatives to turf. In addition, Mr. Jensen reported this disc included an entry to look at shrubs, trees, flowers, or plants, so that one could go to a picture of a yard see a plant they like, click on it, and it balloons up and tells you all about the plant and what kind of water it takes as well sun. Mr. Jensen noted that this disc also allowed the user to concentrate on California native species so that when a search was completed the user could just click on their list, and it would present all the plants picked, summarize their water use characteristics. The user could then take this list to a nursery and say fill up my basket please. In addition Mr. Jensen reported information is available by hydrologic region South Bay or East Bay, and the information will also tell users how many minutes of watering is required depending where they are and the types of plants so it's useful and easy to use.

Mr. Jensen observed that this was fun, but that it will only be productive if a number of things happen to get it to people, then they have to put it in their computers, go buy the plant, plant them and change the way they water. Mr. Jensen noted as was often said you have to make the first step to take the journey, so his agency was distributing this CD themselves and have been distributing them to anybody and everybody he was today introducing this to you.

CONSENT CALENDAR

10. Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt items listed under the Consent Calendar; passed (5-0 Brooks, Caen, Normandy) unanimously.

a) Resolution No. 07-0120: Accept work performed for Hetch Hechy Water R&R funded Project CUH851 Turbine Generator Replacement, Contract No. HH-907 Holm Powerhouse Generators No. 1 and No. 2 Rehabilitation, approve Modification No. 5 (Final), decreasing the contract by \$45,166.11, for a total contract amount of \$4,641,913.84; and authorize final payment including retention release, in the amount of \$155,575.68, to the contractor, GE Hydro Power, Inc.

b) Resolution No. 07-0121: Approve the plans and specifications and award Contract No. WD-2546, City Distribution Division As-Needed 2007/2008 Annual Paving, in the amount of \$2,953,212 to the lowest, qualified, responsible and responsive bidder, A. Ruiz Construction.

REGULAR BUSINESS

11. Discussion and possible action related to authorize the General Manager to execute the Memorandum of Understanding with the North San Mateo County Sanitation District, a subsidiary of the City of Daly City (Daly City) regarding the Harding/Fleming Golf Course Recycled Water Project.

No Public comment was offered.

Moved by Commissioner Sklar, seconded by Vice President Caen to adopt the following resolution; passed (4-0 Brooks, Caen, Normandy, Sklar) unanimously.

Resolution No. 07-0122: Authorize the General Manager to execute the Memorandum of Understanding by and between the San Francisco Public Utilities Commission (SFPUC) and The North San Mateo County Sanitation District, a subsidiary of the City of Daly City (Daly City) and to provide the SFPUC's funding for consulting services necessary to assess the feasibility of the Harding/Fleming Golf Course Recycled Water Project, in an amount not to exceed \$60,000, subject to City Attorney approval as to the form of the agreement. This request would be funded through the operating budget of the Water Enterprise, Index Code 470701. In the event that the project is determined to be feasible, additional funds would be requested under separate cover.

12. Discussion and possible action related to authorize the General Manager to accept and expend grant funds totaling \$660,000 from the Hazard Mitigation Grant Program of the Federal Emergency Management Agency to execute all required agreements.

Moved by Commissioner Sklar, seconded by Vice President Caen to adopt the following resolution; passed (4-0 Brooks, Caen, Normandy, Sklar) unanimously.

Resolution No. 07-0123: Authorize the General Manager of the San Francisco Public Utilities Commission to request permission from the Board of Supervisors to accept and expend grant funds totaling \$660,000 from the Hazard Mitigation Grant Program of the Federal Emergency Management Agency, as administered by its agent, the Governor's Office of Emergency Services of the State of California; and to execute all required agreements.

13. Discussion and possible action related to authorize the General Manager to execute a Lease with New Cingular Wireless PCS, LLC, for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on Parcel 65 of Alameda County lands (aka 11600 Pleasanton Sunol Road), Sunol, California. (Dowd)

This item was removed from the calendar.

Staff Recommendation: Authorizing the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a Lease with New Cingular Wireless PCS, LLC, a Delaware limited liability company, for approximately three hundred (360) square feet of space for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on San Francisco Public Utilities Commission Watershed land located on a portion of Parcel 65 of Alameda County lands (aka 11600 Pleasanton Sunol Road), Sunol, California. Special Lease Clauses: 28.1, 28.2, 28.3, 28.4, 28.5

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to approve WD-2504 Stanford Heights Reservoir Seismic Retrofit and Improvements. (Fung) Moved by Commissioner Sklar, seconded by Vice President Caen to adopt the following resolution; passed (4-0 Brooks, Caen, Normandy, Sklar) unanimously. Resolution No. 07-0124: Approve the plans and specifications and award Water Enterprise Water System Improvement Program funded Contract No. WD-2504 Stanford Heights Reservoir Seismic Retrofit and Improvements, in the amount of \$17,899,960, to the lowest, qualified, responsible and responsive bidder, S.J. Amoroso Construction. PROFESSIONAL SERVICE CONTRACTS Amend 15. Discussion and possible action related to amend No. #1 to Water Enterprise Water System Improvement Program Agreement No. CS-804, Engineering Services for the Alameda Siphon No. 4. (Carlin)

Moved by Commissioner Sklar, seconded by Vice President Caen to adopt the following resolution; passed (4-0 Brooks, Caen, Normandy, Sklar) unanimously.

Resolution No. 07-0125: Approve Amendment No. #1 to Water Enterprise Water System Improvement Program Agreement No. CS-804, Engineering Services for the Alameda Siphon No. 4, with Black and Veatch/AGS Inc., A Joint Venture Company to perform additional geotechnical fieldwork and engineering services, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$830,607, for a total agreement amount of \$2,830,607, with no time extension, for a total agreement duration of 44 months.

16. Discussion and possible action related to approve amendment No. 1 for CS-814, Water Saver Program.

Moved by Commissioner Sklar, seconded by Vice President Caen to adopt the following resolution; passed (4-0 Brooks, Caen, Normandy, Sklar) unanimously.

Resolution No. 07-0126: Authorize the General Manager of the San Francisco Public Utilities Commission to execute an amendment No. 1 for CS-814, Water Saver Program by increasing the agreement by \$250,000, for a total agreement amount of \$650,000, and with a time extension of one year, for a total agreement duration of 2 years.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session

There were no public comments.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Present were President Ryan L. Brooks, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Deputy City Attorney Noreen Ambrose, and Commission Secretary Michael Housh.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to assert the attorney-client privilege; passed (4-0) unanimously.

The Commission went into Closed Session at 3:12 P.M.

19. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose) Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

20. Conference with Legal Counsel – (Mueller) Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

21. Conference with Legal Counsel (Mueller) Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller) Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

23. Conference with Legal Counsel (Mueller) Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

24. Conference with Legal Counsel – (Ambrose) Anticipated Litigation: As Plaintiff.

25. Conference with Legal (Rothschild) Existing Litigation: SW Hotel, Inc. dba Sam Wong Hotel Claim No. 07-01680, Filed December 28, 2006

26. Conference with Legal Counsel (Rothschild) Existing Litigation: California Casualty Indemnity Exchange As subrogee for Carole Luckenbach Claim No. 07-02786 (07-W-6057-1), Filed April 25, 2007.

27. Conference with Legal Counsel - (Rothschild) Existing Litigation: Anna Branzuela, Claim No. 06-W-0086-31), Filed October 23, 2006.

Following Closed Session, the Commission reconvened in Open Session at 3:15 P.M.

18. Announcement following Closed Session

President Brooks announced the actions taken during Closed Session. Items 25, 26, and 27 were approved and items 21, 22, 23, and 24 were not discussed.

19. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:16 P.M. Michael Housh Commission Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3525

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, July 10, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

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Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

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Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the June 26, 2007, Regular Meeting.

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications
6. Other Commission Business
7. Report of the General Manager

- a) Water System Improvement Program/Capital Program/
Wastewater Master Plan *(Irons)*
 - b) Quarterly Construction Contracts Report *(Fine)*
 - b) Trans Bay Cable related revenues *(Leal)*

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Adopt minor revisions to Resolution No.07-0107, as adopted at the Commission meeting on June 12, 2006, to support the Trans Bay Cable project (TBC).

REGULAR BUSINESS

9. Informational presentation, discussion and possible action directing the General Manager on continuing non-binding negotiations related to developing the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs)), supported in the adopted 2002 San Francisco Electric Resource Plan and the California Independent System Operator's San Francisco Action Plan, including negotiations for a design, build, own, operate and transfer agreement that would result in the City owning and controlling the Project after 10 to 12 years of operation, and including discussion regarding the acquisition of services for development of the project through competitive processes, and including discussion of abandonment or suspension of the project in the event a pending CAISO determination that the Mirant Potrero Plant may be closed with a revised action plan that does not require implementation of the project, provided that no commitment for project approval will be given, pending further Commission review and determination. *(Hale)*
10. Discussion and possible action related to authorizing the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Amendment to the Joint Exercise of Powers Agreements (JPA) between SFPUC and East Bay Municipal Utilities District (EBMUD) and City of Hayward. *(Carlin)*

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Amendment to the Joint Exercise of Powers Agreements (JPA) between SFPUC and East Bay Municipal Utilities District (EBMUD) and City of Hayward (Hayward) for the Design Services and Construction (D&C) and the Long Term Operation and Maintenance (O&M) of the Emergency/Maintenance Water System Intertie Project.

PROFESSIONAL SERVICE CONTRACTS

Amend

11. Discussion and possible action related to approving Amendment No. 2 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-756, San Joaquin Pipeline No. 4 Project – Environmental Analysis Services, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement, and with a time extension. *(Torrey)*

Staff Recommendation: Approve Amendment No. 2 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-756, San Joaquin Pipeline No. 4 Project – Environmental Analysis Services, with URS Corporation and Applied

Technology & Science, JV to provide environmental analysis and alternatives analysis, prepare documents, and respond to public comments, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$4,728,400, for a total agreement amount of \$7,147,686, and with a time extension of two years, eight months, and 28 days, to a total of five years, eight months, and 28 days calendar days.

CLOSED SESSION

12. Public comments on matters to be discussed in Closed Session.
13. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

14. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

16. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.;
Filed November 1999.

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (*Mueller*)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (*Ambrose*)

Anticipated Litigation: As Plaintiff.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (*Ambrose*)

Anticipated Litigation: As Defendant

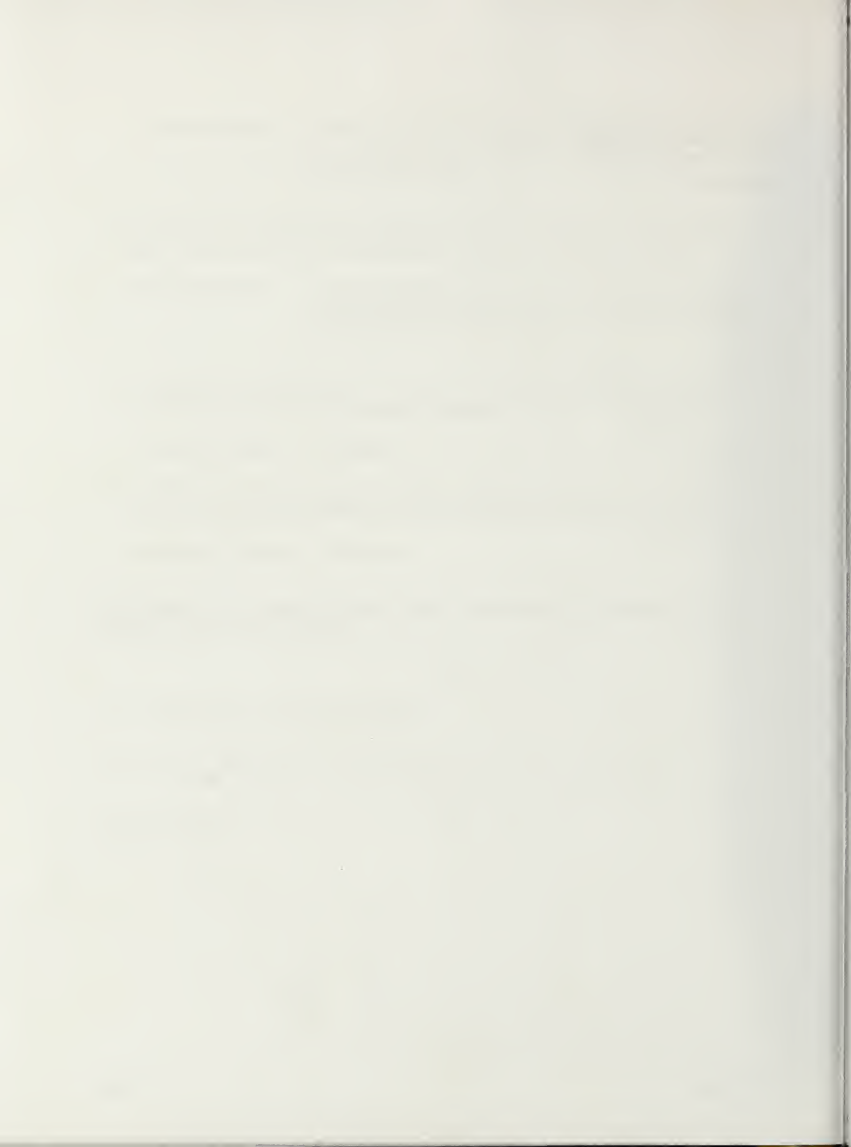
FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

21. Announcement following Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





SAN FRANCISCO Public Utilities Commission

07/10/07 Minutes San Francisco Public Utilities Commission

Published: 07/25/2007 | Updated: 08/02/2007

Published By: Commission

DEPARTMENTS AND ENTERPRISES

MINUTES

Tuesday, July 10, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Adam Werbach
The Honorable Richard Sklar

Gavin Newsom

MAYOR

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 1:30 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner Adam Werbach. Vice President Ann Moller Caen was excused.

3. Approval of Minutes

Moved by Commissioner Sklar, seconded by Commissioner Normandy to adopt the Minutes of the June 26, 2007, Regular Meeting; passed (4-0 Brooks, Normandy, Werbach, and Sklar) unanimously. President Brooks announced that Agenda Items #8 and #9 were being taken off calendar.

5. Communications

6. Other Commission Business

Commissioner Normandy citing a recent action from Supervisor Thomas Ammiano in support of development and use of wind technologies as well as several ongoing leading edge technological project under consideration by the Agency requested that staff provide the Commissioners with written background memos about these new technologies that could impact SFPUC services and performance.

4. Public Comments

Ms. Espanola Jackson, Bayview Hunter's Point, noted that in a recent staff presentation concerning the location of digesters it had been reported that they would be located at Pier 92, described as not being in the Bayview-Hunters Point neighborhood. Ms. Jackson offered to conduct staff on a tour of the area to demonstrate that this site was indeed in that neighborhood. Ms. Jackson noted she was not opposed to the necessary installation of new better operating digesters to replace those her community had endured since the 1970's but that she questioned the appropriateness of this location for them.

Mr. Francisco Da Costa, Environmental Justice Advocate, criticized what he felt was the City department's ignoring the requirements of the City Policy on the Precautionary Principle when undertaking new projects and thereby harming the children and youth in the southeastern neighborhoods. Mr. Da Costa discussed the particular problems caused by the excavation and grinding of serpentine rock, unique to the Bay Area, that was naturally full of asbestos and the community health hazard resulting from work being done in the former Hunter's Point Naval Shipyard.

Mr. Chris Torres, San Francisco resident, called attention to the growing problem posed by private bottled water companies taking control of California's water resources to market the people's water back to them at significant costs. Mr. Torres in

particular asked what steps could be undertaken to safeguard these critical public resources during this period of water shortages.

Ms. Marie Harrison, Green Action, asked that the community be informed concerning why Agenda Items #8 and #9 (related to the CT's and the Trans Bay Cable) had been pulled from the calendar and when these issues might next be addressed?

Mr. Rueben David Goodman, Bayview Hunter's Point discussed his family's long history of involvement with and support for the community and opposed location of the new digesters in the planned location.

Ms. Catherine Sneed, the Garden Project Founder, called the Commissioner's attention to their annual report and lauded the exemplary work being done by this very popular community-serving job training and community empowerment project. Ms. Sneed thanked the Commissioners and General Manager Susan Leal for their steadfast support of the program.

Ms. Leal reported that Ms. Sneed's program was a model of how the SFPUC could productively support civic improvement and employment training in the City and noted that without exception program participants had been lauded as diligent, intelligent, and hard working both in the city and up country. Ms. Leal also acknowledged Sheriff Michael Hennessey's unstinting support for this excellent program. President Brooks commended Ms. Sneed and her team for their fantastic program that not only provided young people with job training, but also empowered them to improve their communications and social skills and thereby be better prepared to make better life choices.

7. Report of the General Manager

a) Water System Improvement Program/Capital Program/ Wastewater Master Plan

Deputy General Manager Tony Irons reported that there were a number of initiatives ongoing and that he wanted to apprise the Commissioners concerning these matters looking for their guidance on the various things. The first pertained to the PEIR Program; copies of the draft of the Program Environmental Impact Report had been delivered to the Commissioners. Mr. Irons congratulated Environmental Director Irina Torrey and her staff, particularly citing Environmental Project Manager Kelley Capone of this effort. Mr. Irons reported that the Draft PEIR (Project Environmental Review) was a really good solid document, which consisted of 1,000 some odd pages and was now in its public comment period. Mr. Irons noted that he was very proud of the staff for having done a very professional job on it. Mr. Irons then briefly outlined the various sections of the multi-volume report documents, and in response to questions, suggested reading the summary, as it addressed the core issues in the PEIR. Mr. Irons noted that without question the central consideration of the document was the water supply, and reported that that was dealt with very thoroughly, would be at the core of the discussions relative to the efficacy of the Water System Improvement Program (WSIP), and concerning any effects on the natural environment.

The next issue Mr. Irons raised was his proposed separation of groundwater, conjunctive use, and recycling, and those components involved with use of rivers in our watersheds from the WSIP into a stand-alone program. Mr. Irons noted that the reason for this was two-fold. Mr. Irons reported that the WSIP was going along very rapidly in good shape as its management was doing a good job and keeping on schedule. Mr. Irons noted that these issues like recycling have a longer duration to address and in addition to that a significant component of recycling ultimately might derive from the wastewater side. Mr. Irons reported that the monies to accomplish those efforts might come from the wastewater side and in the Wastewater Master Plan there was a significant program for reclaimed recycled water for our purposes. Mr. Irons continued that by setting these areas aside as a managed program of their own, the SFPUC could better respond to the environmental issues in a time frame not driven by the other capital projects. In answer to a comment by Commissioner Sklar, Mr. Irons confirmed that the cost of these programs would be separated and the overall program amount will be appropriately decreased by the amount of the new program. Mr. Irons also reported that maybe that it could be powered by the alternative energy when the power supply is there.

Mr. Irons then reported on upcoming construction contracts. Mr. Irons informed the Commissioners that the SFPUC was very close to the point at which we should be advertising and going through the process of selection of firms to assist us in all of the major projects. Mr. Irons continued noting that the Program was largely in design on all of the major projects, so while it was time for us to begin that it was not yet clear how the best way to structure this process would be. Mr. Irons noted that there were a number of different options and that staff was considering having each region have a construction management contract; with a few set aside construction contracts that are particular to dams and tunnel projects because for those efforts, in their selection process, the wisdom was that there were certain firms that were far more qualified to be the construction manager on a dam project or tunnel project. Mr. Irons reported that the rest could be addressed by region. Mr. Irons suggested that at this point his inclination was to request a modification to Parsons existing contract and allow them step in and formulate the structure of the construction manager documents. Mr. Irons noted that they knew the Program very well and that they are a well-qualified firm.

Mr. Irons noted that he would propose a smaller contract here than for the other regional contracts, probably in the range of \$19 or \$20 million at the most and spanning two and a half years at the most, and then at that point go to an umbrella

contract when everything was awarded. Mr. Irons noted a difficulty in getting out the door was having to rely on consultant experience with how to structure these contracts and observed that whoever did this would be necessarily precluded by conflict of interest from bidding on any of the contracts. In response to a question by Commissioner Sklar asking if Mr. Irons were suggesting that the program manager get a contract amendment to help us do the construction management work. Mr. Irons agreed saying that was correct and would set up the entire structure. Commissioner Sklar then asked what was the long-term plan for the Program Management aspects of the project when they move into the construction phase? Mr. Irons replied that what would happen when the construction phase design was done was that the projects were sequenced so not all would be in construction at one time. Mr. Irons continued by noting that in a different world, at that time, program management basically would be an overview of all the construction management endeavors to make sure they were uniform and treating claims the same way and the clients the same way and the yard of dirt in one county the same in San Joaquin and that sort of thing and consistency and justification.

Commissioner Sklar indicated that he could support this, suggesting that it continue throughout the life of the project and that scheduled cost control and reporting be systemized at the management level and all track at the same and the formats are the same. Mr. Irons said that that was exactly what was being proposed, further suggesting that the program control systems be housed and report to the director of the program, so that the various aspects could be collapsed into program management. Commissioner Sklar noted that he could support that and he thought having them separate would cause problems. Commissioner Sklar then asked if staff were satisfied with Parsons and suggested that it might be good to do a short written evaluation of their performance, and have Parsons come before the Commission along with staff thereby making the business decision include themselves. Mr. Irons agreed that he was satisfied with their work and indicated he would propose that the Commission consider an amendment to the existing contract to allow staff to go forward now to construct the entire program for the construction management. Mr. Irons reported that the risk assessment was expected to be available shortly, and that he had asked that the CEO's to personally appear before the Commission to report their findings, probably in August, and that he would make sure there was sufficient time for this presentation to be made.

Mr. Irons next noted that the Commission had asked for a contract report, and that it had been distributed to the Commissioners. Mr. Irons observed that staff was not asking for any action on the information presented today but instead asked the Commissioners to review it, and get back with comments that staff would be happy to incorporate. Mr. Irons cautioned that this request for report of the details of reward of a contract was very risky to assess publicly when there could be litigation. Mr. Irons noted that there also could be ongoing client negotiations and any public statements posed a risk of jeopardizing the impartiality of those discussions. Commissioner Normandy agreed that Mr. Irons' caveat was well spoken and that as the person who had requested this, his intention was to take this to the point where staff was ready to make public evaluations and that at first glance he thought that this would serve as well. Commissioner Sklar noted however, that as this load gets heavier it might be good to break them apart and sort by master water plan, ongoing repair, and sub categories so that the Commissioners could see how much new work was master plan work and how much was state of good repair.

In answer to a Commissioner's query about what was meant by the certification date, Mr. Irons clarified that the certification date was the date that a contract was certified by the Controller. Mr. Irons additionally noted that when a contract had been awarded and was in effect certain actions can take place only when the Controller certifies there are funds available. Only then can Notice To Proceed be issued. Mr. Irons raised a related topic by citing the case of an award to J. Moroso, noting that their experience as reported in the information sheet was limited to work done for the PUC, but that they had worked on a number of public works projects, but the Agency did not have access to information on this work in the Department of Public Work (DPW) database.

Mr. Irons then briefly discussed the Civic Center Sustainability Project, citing it as a perfect place to do a pilot project in San Francisco in the Civic Center Plaza employing all of the technologies, sustainability, and renewable projects the SFPUC was involved including potentially wind, water recycling, and conservation and recycling. Mr. Irons noted that staff had run this proposal by the Mayor and that Mayor Newsom was very much in favor of it. Mr. Irons described this project as multi-departmental and reported staff would collaborate with the Department of Public Works, Public Health as well as all of the other departments at Civic Center. Mr. Irons reported that the SFPUC would coordinate the effort, and that the Mayor had asked for legislation designating the Civic Center as a sustainable district and that was under way. Mr. Irons noted that he would provide copies of this proposal as soon as there was draft legislation. Mr. Irons noted that he was excited about the notion of using recycled water as he had been very frustrated by frequently witnessing DPW crews using high-pressure hoses washing down the Pioneer Monument and flushing away gallons of clean Hetch Hetchy water.

Next Mr. Irons addressed the issues involved with a proposal called "under grounding" that was presented to staff for their consideration. Mr. Irons reported on the work of the Undergrounding Task Force in the City comprised of a number of City Departments that jointly plot out what streets are going to turn up for undergrounding purposes during the next five years, a list that is updated each year. The proposal mandates that whenever, by whomever, streets are trenched or torn up for gas utilities, or water, or sewage, or whatever purpose requiring the tearing up the street it would be mandated that electric transmission cabling be put in as well and then wherever we have renewable energy produced we would have the ability to directly deliver this renewable energy to the population. Mr. Irons brought this proposal to the Commission so that they could consider it. Mr. Irons noted that this would be not a PUC mandate, but a city requirement that would be done by amending the

Excavation Code of the City as overseen by DPW. Mr. Irons thought that this idea had merit. Commissioner Sklar agreed that it had merit and further suggested that conduit and not necessarily wire be installed because if you just install conduit you have greater flexibility and are free to do what you wish afterwards and make decisions about what wires to install when you need them. Mr. Irons agreed that this was a good observation and noted that other entities who would be interested in this are the cell phone folks. Mr. Irons observed that this conduit should be provided so it can be a renewable source. Mr. Irons noted that if a street needed to be repaired and 65 various utilities cross it, he proposed that the City make it policy for those utilities, including ourselves, who tear the streets up to contribute to the repaving cost as a way to cover the cost of repair which also forces the private sector component folks to do their share.

Mr. Irons noted that the Mayor has been considering ways to address this issue and also recalled that Commissioner Werbach had brought up several meetings ago looking at permeable material when doing repaving and so all of these ideas are beginning to formulate into a workable plan. Mr. Irons said he was intrigued by Commissioner Sklar's idea and suggested that this may be a solution that we have been looking at for years. Mr. Irons reported that he had passed along this idea to the Mayor's Office and they found the idea appealing and wanted to explore it further.

Commissioner Werbach noted that he saw enormous benefits to this, but inquired, as where he lived in Bernal Heights work was already underway to install solar panels that could power the neighborhood, would we need a transmission conduit not just residential connections. Mr. Irons confirmed that was correct, that we would have a residential distribution system that still could rely on PG&E power. Commissioner Werbach asked further if Mr. Irons was suggesting creation of a residential network from the conduit to the homes in this process? Commissioner Werbach remarked that building a City owned distribution system into homes would be complex and perhaps the Agency should look first at a baby step of transmission to local networks rather than jumping all the way down to house lines at this point.

Mr. Irons noted he was aware that it would be more difficult, and suggested that discussion of this issue would be better served in the Long-term Energy Plan. Mr. Irons noted that there was a precedent that occurred when the City acted as a mediator in a situation where someone had installed conduit illegally. As a result, the City ended up owning the illegally installed conduit as part of the settlement. Mr. Irons summed up the discussion by noting that this was part of a process of getting everyone together to address the problem of paving streets. Commissioner Sklar pointed out that at any given time or any given year there could be two or three entities digging up and repaving streets through the City, and that the whole point of the exercise would to make sure we do it once and everyone that wants to get in there gets in there and the paving is done once and for all and that this should be seen as a multidepartmental initiative involving a lot of departments but run through DPW. Mr. Irons agreed this was correct, and noted that this had been previously attempted eight or nine years ago.

Mr. Irons continued by calling the Commissioner's attention to a document by the University of Massachusetts and Department of Energy that in essence suggests that within 50 years 100 percent of the energy used in the United States would likely be geothermal power employing "dry hock extraction" a binary geo method involving drilling down without need for hot springs and injecting into the rock producing steam. Mr. Irons reported that there were pilot projects around the country, discussions in the House of Representatives, and very great interest in pursuing this. In answer to Commissioner's questions Mr. Irons noted that the City could do this but the means were not perfected that the SFPUC would be convening a panel of technical experts from around the world to assist us in determining the practicality of this, as well as how long in the future its use might be, and the potentials for a local pilot project. Mr. Irons proposed to provide the Commissioners with copies of this report and in response to a question by Commissioner Werbach assured them the SFPUC would make robust efforts so that the public gets to see and comment on the draft PEIR document.

Mr. Irons next discussed the process that the SFPUC had gone through regarding the Combustion Turbines in Potrero. The Deputy General Manager recited the history of unsuccessful bid solicitation for this project. Mr. Irons noted that in a situation when no bids on an advertised project were received the City Attorney's office had informed staff that as the marketplace can not stand in the way of government interests, staff were free to go forward considering other options. Mr. Irons reported that staff had lengthy discussions considering various proposals. The Deputy General Manager noted the Interim ICC had contacted J Power, formerly the national energy provider of Japan, until electrical energy in Japan was privatized. This company had set up subsidiaries in the United States, indicated interest in purchasing our turbines for installation in San Diego. In response staff suggested that they build the power plant here and use the turbines and they agreed, and came to speak to us about it along with ICC of Chicago who had been in the first response IPC contract. Mr. Irons explained that staff had outlined a basic agreement relative to the CT's here in San Francisco that they would operate for ten years and then transferred to the City for the City to then adjudicate if they wanted to decommission the plant or go on using it or whatever the City wanted to do with the facility and that their revenue income from the program would consist of a capacity fee paid by Department of Water Resources for the first six and a half years of the agreement depending when construction started and after that be at their own risk as they would have to then negotiate with presumably the Pacific, Gas & Electric Company. Mr. Irons reported that this was where we were with this project at this point. Mr. Irons continued by noting that in the interim, Cal Pine, another firm that builds and operates gas plants as well as geo-thermal plants, had also approached the SFPUC. Staff agreed to have them look at the proposal as well and forwarded the information to them.

Mr. Irons observed that he thought it was a good suggestion to get public comment and have all firms interested in putting a

proposal together do so, so everyone knows what is out there and we do not excluded anyone from an opportunity. Mr. Irons then reported that staff proposed to go forward in short order and put clarifications and qualifications out there and begin outreach to the firms that we know construct power plants, should this option meet the sense of the Commission. Mr. Irons noted that an action item on this was not on calendar, but staff could continue to go forward on the basis of the existing authorization to negotiate. Mr. Irons affirmed that staff had no plan to make any decisions, as that point would arrive at a later time.

Commissioner Sklar applauded staff's initiative in trying to find a way to solve a problem that appeared to be unsolvable. The Commissioner noted that he was glad that someone had come forward and was encouraged that we are looking at others for competition. Commissioner Sklar pointed out that this is a program that has potentially millions of dollars of gross revenue and might be attractive to others. He encouraged staff to use whatever mechanism was available in an expedited way, consider alternates, and then the Commission could get to a decision. Commissioner Sklar further noted that while it was possible legally to go forward with a sole source, it was important to consider that can and should are two different verbs.

Commissioner Sklar asked for clarification about when proposals were requested, asked if staff had a model for how it might work, and observed that now there was some possibility that we might not go forward with these projects at all if told that doing so was not necessary. His question was whether we were precluding other paths by not asking that other possibilities be proposed to us. He wondered if what if there was another idea about owning and operating the facility and paying the SFPUC to do it somewhere else. Mr. Irons responded that if someone had a better idea, the SFPUC was open to any ideas and if we could learn from others we would do so. Mr. Irons raised a fundamental concern pointing out that whomever decided to take this on would be out of business in 2015 so the longer this process went on the less certainty there would be for anybody, as the efficacy of the contract erodes over time. Mr. Irons opined that we need to move globally with all the questions asked and all of the opportunities presented but quickly. Commissioner Sklar agreed thinking it important to anyone to have full disclosure and explore with the potential buyer of the fact of revenue certainty for only six and a half years and concerning the possibility for any additional years. Commissioner Sklar felt that at that point this matter would be a judgment call between two private parties.

b) Quarterly Construction Contracts Report (Fine)

The next item addressed was the Contracting Report that had been sent to the Commissioners for their review. Mr. Irons requested that if the Commissioners had questions or comments to please send them to him and he would forward them to Ms. Ivy Fine for response.

Ms. Leal then requested that Commissioner Werbach inform the Commission concerning a new low energy light bulb that he was actively involved in promoting across the world through Wal-Mart and others. Ms. Leal explained this light bulb could become part of the larger conservation effort and provide one good way to expend money received as the Trans Bay Cable goes forward. Ms. Leal noted that when it goes forward the SFPUC will get a significant grant and she proposed that the SFPUC include language about mitigation of energy related concerns in the Southeast community where there has been an impact. The General Manager observed that frankly energy efficiency beats renewables in terms of bang for the buck and that reducing demand for power was the most effective. The General Manager continued by remarking that one thing we might do in addition to adopting this technology within our family would be to create a program to help residents and educate them how to reduce demand and that these more efficient bulbs could be a good use of our money.

Commissioner Werbach explained that these new bulbs use less electricity than conventional bulbs --as much as five times more efficient. Commissioner Werbach observed that there could be a massive effort to persuade the citizens of San Francisco to commit to reducing energy use.

In response to a question, Commissioner Werbach reported that typically these efficient bulbs last five years and were five times more efficient saving dollars upon dollars over its lifetime. Commissioner Werbach reported that while these efficient bulbs cost a dollar rather than the usual 15 to 20 cents for old-fashioned bulbs there was a difference in cost and expense. While it may be for those on a budget expensive to change their whole house out one had to realize how much you would save on energy bill as these bulbs would pay for themselves in savings in a year and that was a better return than any on the Dow Jones. Commissioner Werbach reported that the latest versions of the efficient light bulbs were greatly improved and that he was now relighting his house with them. Commissioner Werbach noted that this was something the Commissioners should look at as part of the SFPUC's long-term planning and as staff had come up with related revenues we should use some of this money for that intended purpose.

c) Trans Bay Cable related revenues

This item was removed from the calendar.

Public Comment

Ms. Espanola Jackson noted that during the previous week workers from SFPUC were in front of her house and they had informed her they were going to be laying pipes there. Ms. Jackson gave her address at 3231 Ingalls Street so that the SFPUC could let the rest of the City know and inform anyone else interested in digging up the street for example PG&E and laying pipes that it should be done at the same time. Ms. Jackson also thanked the Commissioners for letting the public know about those light bulbs and concluded by promising to speak to the Commissioners about what could be done in the Southeast sector for the community and the jobs that would be created.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Adopt minor revisions to Resolution No.07-0107, as adopted at the Commission meeting on June 12, 2007, to support the Trans Bay Cable project (TBC).

This item was taken off calendar.

REGULAR BUSINESS

9. Informational presentation, discussion and possible action directing the General Manager on continuing non-binding negotiations related to developing the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs)), supported in the adopted 2002 San Francisco Electric Resource Plan and the California Independent System Operator's San Francisco Action Plan, including negotiations for a design, build, own, operate and transfer agreement that would result in the City owning and controlling the Project after 10 to 12 years of operation, and including discussion regarding the acquisition of services for development of the project through competitive processes, and including discussion of abandonment or suspension of the project in the event a pending CAISO determination that the Mirant Potrero Plant may be closed with a revised action plan that does not require implementation of the project, provided that no commitment for project approval will be given, pending further Commission review and determination.

This item was taken off calendar.

10. Discussion and possible action related to authorizing the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, an Amendment to the Joint Exercise of Powers Agreements (JPA) between SFPUC and East Bay Municipal Utilities District (EBMUD) and City of Hayward.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0 Brooks, Normandy, Sklar, and Werbach) unanimously.

Resolution No. 07-0130: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Amendment to the Joint Exercise of Powers Agreements (JPA) between SFPUC and East Bay Municipal Utilities District (EBMUD) and City of Hayward (Hayward) for the Design Services and Construction (D&C) and the Long Term Operation and Maintenance (O&M) of the Emergency/Maintenance Water System Intertie Project.

PROFESSIONAL SERVICE CONTRACTS

Amend

11. Discussion and possible action related to approving Amendment No. 2 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-756, San Joaquin Pipeline No. 4 Project - Environmental Analysis Services, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement, and with a time extension.

Moved by Commissioner Werbach, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0131: Approve Amendment No. 2 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-756, San Joaquin Pipeline No. 4 Project - Environmental Analysis Services, with URS Corporation and Applied Technology & Science, JV to provide environmental analysis and alternatives analysis, prepare documents, and respond to public comments, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$4,728,400, for a total agreement amount of \$7,147,686, and with a time

extension of two years, eight months, and 28 days, to a total of five years, eight months, and 28 days calendar days.

In response to questions by President Brooks and Commissioner Sklar, Ms. Torrey explained how the changes in planned work and expansion of tasks not originally envisioned in this project had resulted in the significant changes in the size and duration of this contract. Ms. Torrey emphasized that her staff was relentless in carefully monitoring every aspect of this work, and that it was her recommendation that this change be approved.

Commissioner Sklar was excused at 2:55 P.M.

CLOSED SESSION

12. Public comments on matters to be discussed in Closed Session.

No public comment was offered.

13. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Werbach, seconded by Commissioner Normandy to assert the attorney-client privilege; passed (3-0 Brooks, Normandy and Werbach) unanimously.

The Public Utilities Commission met in Closed Session at 2:57 P.M.

Present were President Brooks, Commissioner Normandy, Commissioner Werbach, Commissioner Sklar, General Manager Susan Leal, Deputy General Manager Tony Irons, Legal Counsel Noreen Ambrose, Legal Counsel Matthew Rothschild, and Commission Secretary Michael Housh.

14. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose) Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

16. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (Ambrose) Anticipated Litigation: As Plaintiff.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (Ambrose) Anticipated Litigation: As Defendant

Following the Closed Session, the Commission reconvened in Open Session at 3:16 P.M.

21. Announcement following Closed Session.

President Brooks announced that Agenda Items #17 and #19 were discussed, and there was no action taken on Agenda Items #14, #15, #16, and #18. and that Agenda Item #20 was approved during Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Werbach; seconded by Commissioner Normandy, not to disclose the discussions during Closed Session; passed (3-0 Brooks, Normandy and Werbach) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:19 P.M.

Michael Housh
Commission Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3538

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SAN FRANCISCO Public Utilities Commission

7/24/07 Agenda San Francisco Public Utilities Commission

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DEPARTMENTS AND ENTERPRISES**AGENDA****REGULAR MEETING**

Tuesday, July 24, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Adam Werbach

The Honorable Richard Sklar

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

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JUN 24 2008

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PUBLIC LIBRARY**Disability Access**

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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org

ORDER OF BUSINESS

1. Call to Order

2. Roll Call

3. Approval of Minutes

a) Minutes of the July 10, 2007 Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

a) Water System Improvement Program/Capital Program/ (Irons) Wastewater Master Plan

b) Oceanside Wastewater Treatment Plant Platinum Award. (Leal)

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

a) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of the San Francisco Public Utilities Commission, dated July 3, 2007, and approved by the President of the Commission, related to emergency sewer replacement on Harriet Street from Folsom to Harrison Streets.

b) Staff Recommendation: Approve the plans and specifications and award Water Enterprise Water System Improvement Program-funded Contract No. WD-2500, Palo Alto Pump Station Upgrade, in the amount of \$3,671,000, to the lowest, qualified, responsible and responsive bidder, JMB Construction.

c) Staff Recommendation: Accept work performed for 5-Year CIP Program-funded Contract No. CW-401, Teresita Blvd (South) Sewer System Improvement, by KJ Woods Construction, approve Contract Modification No. 2 (Final) by decreasing the contract by \$234,760.74, for a total contract amount of \$1,809,169.26; and authorize final payment in the amount of \$133,208.46.

d) Staff Recommendation: Accept work performed for Water Enterprise Water System Improvement Program-funded Contract No. WD-2426R, La Grande Tank Replacement, by Schram Construction, Inc., for a total Contract amount of \$4,272,441.38, and authorize final payment in the amount of \$4,967.68.

REGULAR BUSINESS

9. Discussion and possible action authorizing the San Francisco Public Utilities Commission General Manager to request the San Francisco Board of Supervisors to adopt an ordinance that would (1) authorize the SFPUC, following a Request for Proposals solicitation limited to pre-qualified respondents, to award to the successful Construction Manager / General Contractor (CM/GC) respondent based on qualifications and cost, a contract for necessary pre-construction and construction services for the construction of a San Francisco Public Utilities Commission Administration building at 525 Golden Gate Avenue; (2) authorize performance incentive provisions in that contract, and (3) include such other modifications to the contracting procedures as necessary to address the unique complexities of design and construction for this type of building. (Irons)

Staff Recommendation Authorize the San Francisco Public Utilities Commission General Manager to request the San Francisco

Board of Supervisors to adopt an ordinance that would (1) authorize the SFPUC, following a Request for Proposals solicitation limited to pre-qualified respondents, to award to the successful Construction Manager / General Contractor (CM/GC) respondent based on qualifications and cost, a contract for necessary pre-construction and construction services for the construction of a San Francisco Public Utilities Commission Administration building at 525 Golden Gate Avenue; (2) authorize performance incentive provisions in that contract, and (3) include such other modifications to the contracting procedures as necessary to address the unique complexities of design and construction for this type of building.

10. Discussion and possible action related to approval of amendments to the Interconnection Agreement ("IA") between the City and County of San Francisco ("CCSF" or the "City") and Pacific Gas and Electric Company ("PG&E"). (Hale) Staff Recommendation: Approve Resolution seeking approval of amendments to the Interconnection Agreement ("IA") between the City and County of San Francisco ("CCSF" or the "City") and Pacific Gas and Electric Company ("PG&E"). Approval of this amended IA will settle the proceedings before the Federal Energy Regulatory Commission in FERC Dockets No. ER05-1190-000, ER05-516-000, ER05-516-001, ER05-911-000, ER05-1264-000, initiated by PG&E under Section 205 of the Federal Power Act on July 1, 2005 to effectively terminate the 1987 Interconnection Agreement between PG&E and the City. The proposed amendments to the IA allow CCSF to continue to wheel its electric generation using PG&E's transmission and distribution systems to serve the City's municipal load and Airport Tenant customers. The key proposed amendments are as follows: (1) transmission and distribution rate savings are locked in for the remaining term of the IA. Distribution rates are fixed until January 2009. After January 2009, distribution rates will not increase more than 3 per cent per year for the remaining term of the IA. Transmission rates will increase by 24 percent on September 1, 2007, but even after the increase, will remain 25 percent below FERC-approved PG&E Transmission Owner tariff rates. After September 1, 2007, transmission rates will not increase more than 8 per cent per year for the remaining term of the IA. (2) The maximum amount of energy that can be banked by the City is capped at 110 GWh; and demand charges for withdrawals from the bank are eliminated. (3) The terms of the Billing Dispute and Scheduling Coordinator Implementation Settlement agreements are incorporated into the IA. (4) City Renewable Plants that are within 20 miles of the City's load are recognized as generating resources that are eligible to use IA transmission and distribution services. (5) The City and PG&E's right to make unilateral filings with FERC to change the terms of the Amended IA are restricted unless there has been a Significant Regulatory Change, such as a change in regulatory structure or requirements ordered by FERC, CPUC or other regulatory body). (6) Baseball arbitration is eliminated and an alternative dispute resolution process is adopted. (7) The City's standard contract provisions, such as, non-discrimination, equal benefits requirements, prohibition against submission of false claims, prohibition on political activity with City funds and limitations on political contributions are included. (8) The IA remains in effect until July 2015.

11. Discussion and possible action directing the General Manager to complete negotiations and execute agreements related to developing the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs)) and to submit these agreements for Board of Supervisors consideration as required; and adopting findings pursuant to the California Environmental Quality Act. (Hale)

Staff Recommendation: Direct the General Manager to complete negotiations and execute agreements related to developing the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs)), supported in the adopted 2002 San Francisco Electric Resource Plan and the California Independent System Operator's San Francisco Action Plan, including negotiations for a design, build, own, operate and transfer agreement that would result in the City owning and controlling the Project after 10 to 12 years of operation with terms substantially similar to the non-binding term sheet submitted with this item, and to submit these agreements for Board of Supervisors consideration as required; and adopting findings pursuant to the California Environmental Quality Act.

REAL PROPERTY TRANSACTIONS

12. Discussion and possible action related to the Director of the Real Estate Division of the Office of the City Administrator to prepare and submit legislation to the Board of Supervisors to accommodate sale of approximately 13.64 acres of City and County of San Francisco land under the jurisdiction of the SFPUC located in South San Francisco and reserving and dedicating the proceeds from the sale of said property for the design and construction of the San Francisco Public Utilities Commission Administration Building at 525 Golden Gate Avenue; and authorizes the General Manager to request appropriation authorization from the Board of Supervisors and the Mayor. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities on behalf of the City and County of San Francisco, to request the Director of the Real Estate Division of the Office of the City Administrator, to prepare and submit legislation to the Board of Supervisors to accommodate the sale of approximately 13.64 acres of City and County of San Francisco land under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC), (shown on the attached exhibit) located in South San Francisco and reserve and dedicate the proceeds from the sale of said property for the design and construction of the San Francisco Public Utilities Commission Administration Building at 525 Golden Gate Avenue; and authorize the General Manager to request appropriation authorization from the Board of Supervisors and the Mayor.

CONSTRUCTION CONTRACTS

Close

13. Discussion and possible action related to Contract No. WD-2473R, Forest Hill Concrete Tank Seismic Retrofit. (Kelly)

Staff Recommendation: Accept work performed by LC General Engineering for Water Enterprise, Water System Improvement Program-funded Contract No. WD-2473R, Forest Hill Concrete Tank Seismic Retrofit, approve Modification No. 3 (Final), decreasing the contract by \$79,435, for a total contract amount of \$1,873,223.53, and with a time extension of 156 consecutive calendar days for a total contract duration of 426 consecutive calendar days; and authorize final payment, in the amount of \$62,929.10, to the contractor.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

16. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

21. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd) APN 96-375-009

Party negotiating for the Public utilities Commission: Gary Dowd Party negotiating for RFP Respondent Oliver de Silva Inc.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

22. Announcement following Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTO_ID/340/C_ID/3535

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, August 14, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



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Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

a) Minutes of the July 24, 2007 Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

a) Resolution honoring Commissioner Adam Werbach for his service.

7. Report of the General Manager

a) State Legislative Update *(Spanjian/Gilbert)*

b) Conservation Outreach *(Spanjian)*

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE
RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC
UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available
for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street,
11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

REGULAR BUSINESS

8. Discussion and possible action related to conduct a public hearing on the "2007 Public Health Goal Report" and direct the Water Quality Bureau Manager to submit a letter to the California Department of Public Health (CDPH) documenting that such a hearing was held.
(Carlin/DeGraca)

Staff Recommendation: Conduct a public hearing on the "2007 Public Health Goal Report" and direct the Water Quality Bureau Manager to submit a letter to the California Department of Public Health (CDPH) documenting that such a hearing was held.

9. Discussion and possible action related to Contract WD-2497 Polhemus Creek Restoration, with Siteworks Construction.
(Kelly)

Staff Recommendation: Approve a transfer of funds in the amount of \$414,000 from Project CUW226 – Recoating of BDPL NO. 1 & 2 Newark to Project CUW20205 – Polhemus Creek Restoration to fund additional project work using the Job Order Contract and cover additional biological monitoring, pre and post construction water quality and surveying work, design work and construction support services.

REAL PROPERTY TRANSACTIONS

10. Discussion and possible action related to a Lease with Daly City for the use and operation of the Vista Grande Tunnel.
(Dowd)

Staff Recommendation: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Lease with Daly City for the use and operation of the Vista Grande Tunnel.

CONSTRUCTION CONTRACTS

Close

11. Discussion and possible action related to Contract No. WD-2397 Sunset Reservoir North Basin Embankment Stabilization Project.
(Kelly)

Staff Recommendation: Accept work performed by Gordon N. Ball/Yerba Buena Engineering & Construction Joint Venture for Water Enterprise Water System Improvement Program-funded Contract No. WD-2397 Sunset Reservoir North Basin

Embankment Stabilization Project, approve Modifications No. 5 and 6 (Final), increasing the contract by \$53,041.71, for a total contract amount of \$7,414,157.86, and with a time extension of 110 consecutive calendar days for a total contract duration of 535 consecutive calendar days for substantial completion; and authorize final payment, in the amount of \$164,294.37 including retention and deductions for both OLSE and HRC fines, to the contractor.

PROFESSIONAL SERVICE CONTRACTS

Award

12. Discussion and possible action related to approve the selection of ESA+Orion Joint Venture; award Agreement No. CS-867, Environmental Analysis Services for the San Francisco Sewer System Master Plan, and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with ESA+Orion Joint Venture. *(Loiacono)*

Staff Recommendation: Approve the selection of ESA+Orion Joint Venture; award Agreement No. CS-867, Environmental Analysis Services for the San Francisco Sewer System Master Plan, to provide programmatic and project-specific environmental review; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with ESA+Orion Joint Venture for an amount not to exceed \$5,000,000, and with a duration of thirty-six months from the date of the Notice to Proceed.

Deleted:

13. Discussion and possible action related to CS-854, Engineering Services for Sutro Reservoir Seismic Upgrades and Rehabilitation. *(Kelly)*

Staff Recommendation: Approve the selection of URS/SOHA JV; award Water Enterprise Water System Improvement Program-funded Agreement No. CS-854, Engineering Services for Sutro Reservoir Seismic Upgrades and Rehabilitation, to provide Engineering Services for planning, design, and construction support; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with URS/SOHA JV for an amount not to exceed \$1,600,000, and with a duration of 47 months, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.
15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

16. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.
17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.
18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.
19. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.
20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). *(Mueller)*

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (*Margolis*)

Existing Litigation: Martin v. City and County of San Francisco
(Sons of Italy)
San Francisco County Superior Court, Case No. 436930
City Attorney File No. 041822
Filed January 31, 2005

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2)
(*Ambrose*)

Anticipated Litigation: As Defendant

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



Σαν Φρανχισχο Πυβλιχ Υτιλιτιεσ Χομμισσιον
Χιτψ ανδ Χουντψ οφ Σαν Φρανχισχο

notice of Cancellation

The regular San Francisco Public Utilities
Commission Meeting scheduled for
August 28 2007 at 1:30 P.M
in City Hall, room 400 has been

cancelled

The only regular
San Francisco Public Utilities Commission meeting during August 2007
will be held on
Tuesday, August 14, 2007 beginning

at 1:30 P.M in Room 400 City Hall

Michael Housh, Secretary

San Francisco Public Utilities Commission

Posted ~July 26, 2007

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554-3488



ADDENDUM TO PUC AGENDA

GAVIN NEWSOM
MAYOR

RYAN L. BROOKS
PRESIDENT

ANN MOLLER CAEN
VICE PRESIDENT

E. DENNIS NORMANDY
RICHARD SKLAR
DAVID HOCHSCHILD

SUSAN LEAL
GENERAL MANAGER

Tuesday, August 14, 2006

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

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REGULAR BUSINESS

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8 a). Discussion and possible action establishing a program, and directing that the General Manager implement the program, to convert all lighting in Public Utilities Commission facilities now using incandescent bulbs to compact fluorescent equivalents by end of the current fiscal year, and to accomplish a 50% penetration rate for these bulbs by December 31, 2007.

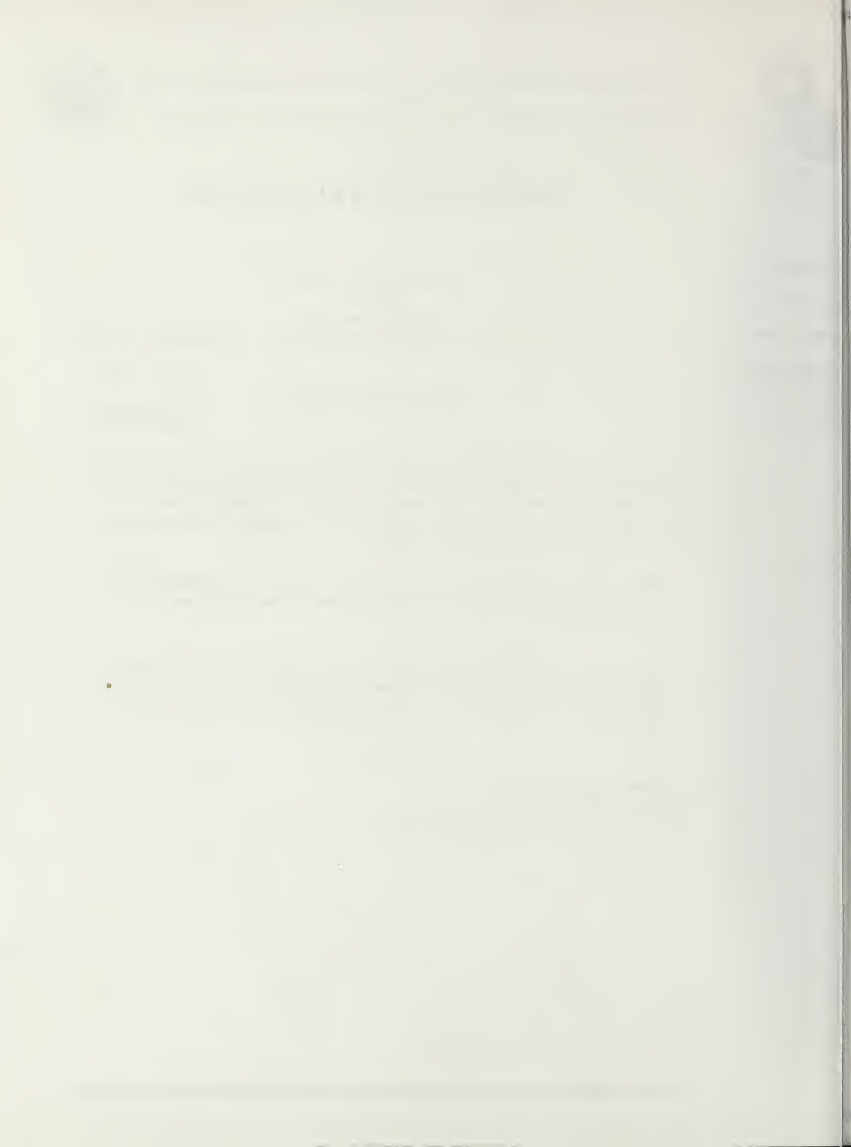
Further resolved that a program to educate and assist other city departments to so convert will be developed and described to the Commission no later than October 31, 2007.

Further resolved, that the General Manager will develop and put into use, a public relations campaign to acquaint the San Francisco community with the advantages of conversion to compact fluorescents similar to the effort they recently made about bottled water.

Posted August 10, 2007

Michael Housh, Secretary

San Francisco Public Utilities Commission





SAN FRANCISCO Public Utilities Commission

08/14/07 Minutes San Francisco Public Utilities Commission

Published: 09/12/2007 | Updated: 09/13/2007

Published By: Commission

DEPARTMENTS AND ENTERPRISES

MINUTES

Tuesday, August 14, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh
SECRETARY

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ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present: Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner David Hochschild, and former Commissioner Adam Werbach

President Ryan L. Brooks was excused

3. Approval of Minutes

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to adopt the Minutes of the July 24, 2007, Regular Meeting; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

4. Public Comments

Ms. Lurilla Harris, San Francisco Public Utilities Commission (SFPUC) Community Action asked that the SFPUC consider installation of solar panels at the Bernal Heights Branch Library. Ms. Harris stated she had sent a letter urging consideration be given to installing solar panels on all of the planned new and renovated branch libraries to General Manager Susan Leal. Ms. Harris noted it was not included in the Letter Summary. Commission Secretary Michael Housh responded that not all letters that go through Ms. Leal are automatically forwarded to the Commission. Vice President Caen asked that Ms. Leal put Ms. Harris in touch with the Assistant General Manager for Power Barbara Hale.

Ms. Heather Dempsey, Bay Area Program Director of Tuolumne River Trust, delivered the Tuolumne River Trust's report from the Tuolumne to the Tap and expressed her organization's concern that the SFPUC would consider diversion of water from the Tuolumne.

5. Communications

There was no discussion of any of the items in the Letter Summary.

6. Other Commission Business

a) Resolution honoring Commissioner Adam Werbach for his service:

Former Commissioner Adam Werbach spoke about his years of service on the Commission, beginning by acknowledging the invaluable and constant support provided to him during his term in office by his wife Lynn, expressed his thanks and

appreciation to his colleagues, and discussed the importance of the work the Commission had accomplished. At the suggestion of Commissioner Normandy, without objection, former Commissioner Werbach's valedictory remarks were included in the record in their entirety.

"On the occasion of my last meeting as a member of the San Francisco Public Utilities Commission, I'd like to take a moment to reflect upon the privilege I've had in serving the city of San Francisco and the 2.4 million people in the Bay Area who enjoy the safe and affordable water that we provide from the bosom of the Sierra Nevada range. It has been a profound honor to serve. This venerable agency has seen more than its fair share of excitement in the generations since Michael O'Shaughnessy marshaled the political and engineering resources to create America's most perfect water system. The battles began with the epic debate at its inception, spearheaded by Sierra Club founder John Muir to protect Hetch Hetchy valley, and have continued to the more recent upkeep and repair crisis in which the very infrastructure that we rely upon had begun to crumble. I was appointed four years ago in what was called another crisis for the agency, as the elected Mayor was supplanted by an Acting Mayor for a day and chose to appoint me to an open seat on the Commission. Although Supervisor Chris Daly is roundly criticized for his activism, his ingenious plan gave the environment a chance to be more of a voice at the Commission. There was a certain obvious logic to it. A former national President of the Sierra Club is an appropriate candidate for an agency that manages water, power and sewage. The circumstances, however, were less than ideal. Although the appointment was perfectly legal, it was not a process that I would normally condone. We have elections for a reason, and we must respect their outcomes.

"I felt called to accept the appointment because I feared that the Sierra Nevada Mountains -- mountains that I love with every fiber of my being -- were at risk. I'm quite certain that the person identified who would have sat in this seat would not have been the voice for the environment that I hope I have been. I entered this crucible with my eyes only half-open to the challenges that the agency faced. At first I thought I'd never have the chance. I remember that I arrived at my first meeting, with a suit newly pressed, and only the Commission President, Dennis Normandy was present. Another Commission member, who is no longer on the commission, mysteriously had car trouble that kept him from the meeting. For my first few weeks I couldn't get the documents I needed to serve as a Commissioner, and each time I read more deeply, I became more concerned about the operations of the Commission. Dennis and Ann, who remain on the Commission to this day, were struggling mightily to keep the ship upright, but the numbers didn't add up, the hand of the city's general fund was still in the PUC's cookie jar, and the staff seemed to regard all community activists as terrorists. My first act was to get the PUC meetings broadcast on government television. As Judge Louis Brandeis said, sunlight is the best disinfectant. Soon after, I voted against the annual budget as a signal of support for the more muscular role that the Commission needed to take in order to get the house in order. Today, thanks to the work of the staff and the leadership of Ann Moller Caen, the PUC's budget is a workable document that can be the basis for constant improvement. After a tumultuous first few weeks my fellow Commissioners accepted me into their fold, and everything I'll speak about today was truly an accomplishment of the whole. In particular, Ambassador Sklar has mentored me in the fine art of wrestling bureaucracies. At the ecological level, there were dozens of initiatives on the drawing board that I'm proud that the Commission was able to defeat. It's important that we remember these so that a future Commission doesn't stumble as we might have: There was a plan to flood some of our last precious open space by building an oversized Calaveras Dam that we defeated.

- There was a plan to build a fourth pipeline to suck even more water out of the Tuolumne River that we defeated without sacrificing reliability.
- There was a plan to zero out the Mayor's Energy Conservation Account -- our core dollars for expanding solar in the city -- which we defeated.

But the work over the past four years was more than just preventing the bad; we were actually able to promote some good.

- We finally got the multi-billion dollar Water System Improvement Plan on track, and with the constant vigilance of the Commission and the staff we will guarantee our water supply for another two generations.
- After years of seeming unwelcoming to our customers, I was proud to work on redesigning the water bill so that it is clear and easy to understand.
- I was proud that we passed fair and equitable rates that encouraged conservation, and included the community in the process.
- We created a \$50 million dollar land acquisition fund to protect the watershed that protects our water.
- We helped shut down the Hunter's Point Power Plant, a scourge on our city that the Commissioners around this table never stopped working to shutter.
- We finally got the solar program beginning to move -- but it has a long way to go.

There were other battles that we lost, none more painful to me than the decision to move forward with building new fossil-fuel power plants in the Southeast part of our city. For a Commission that prides itself on being an ecological leader, we could have done better, we should have done better, and I hope that the weight of the error of this decision will crush any momentum for its completion. I do not want to explain to my kids why this city let them down when the whole world was coming together to combat climate change. We are the City that can – we can do better.

Likewise, we are nowhere near where we need to be in creating large-scale deployments of renewable energy in the city of San Francisco. The staff will no longer have me around asking for the plan, pushing for the projects, but I'm quite sure that my successor will be even more insistent. Although every member of this Commission must be an environmental steward, I do hope that the appointment of David Hochschild, a friend and ally, as my replacement, means that there is now a de facto seat on the Commission for a passionate and dedicated environmental voice.

I'd like to take a chance to thank the staff for their service and leadership. It's an enviable role to be able to swoop in once every couple of weeks and critique the work of dedicated public servants who work day in and day out to make our water clean and our energy renewable. Your thousands of small kindnesses have honored me, and the City is blessed to have you at its service.

My fellow Commissioners, we have been on quite a ride together. As I'm a customer of the SFPUC, I'm honored that you're watching out for me. I believe we have demonstrated collectively over the past four years how a group of diverse citizens from different backgrounds can unite around a common goal. This is the essence of citizen oversight. You have given me one of the most meaningful chances to serve in my life, and I am forever in your debt. Finally, I'd like to thank Mayor Gavin Newsom. He never once told me how to vote, and never once discouraged my dissent. Robust debate by well-meaning people will always serve our city well. President William Henry Harrison gave a 2 hour speech for his inauguration on a very cold day outside, and died of pneumonia 31 days later. I'll take his cue and end it here. I love this city and I thank my fellow San Franciscans for their support. Thank you."

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution in honor of Commissioner Werbach; passed (4-0 – Caen, Normandy, Sklar, and Hochschild) unanimously.

Resolution No. 07-0141

Public Comment:

Ms. Espanola Jackson lauded Commissioner Werbach dedication and commitment to the highest standards of public service and thanked him for his unceasing concern for the betterment and welfare of people in her community.

Commissioner Hochschild saluted former Commissioner Werbach's principled action noting its great ripple effect. He then presented Commissioner Werbach with a jar of San Francisco honey that he had gathered from his backyard hives in honor of Commissioner Werbach's outstanding public service stewardship of our environment.

Commissioner Normandy acknowledged former Commissioner Werbach's important contributions to the Commission and noted that the Commissioners had, from the beginning, been committed to working together to serve the City. Commissioner Normandy noted that in nearly 95% of cases there was agreement on what actions to take, and when on rare occasions such agreement was not possible the Commissioners agreed to disagree, and then move on with the vital tasks at hand.

Commissioner Sklar observed that Commissioner Werbach had been a joy to work with, and called attention to his frequent contribution of practical common sense on many important matters. Commissioner Sklar noted that this exemplified excellent public service and that he left very big shoes to fill.

Vice President Caen thanked Commissioner Werbach and asked that he remain in touch with his colleagues.

Commissioner Sklar asked and his colleagues agreed to take up Agenda Item 8a out of order next.

REGULAR BUSINESS

8a. Discussion and possible action establishing a program, and directing that the General Manager implement the program, to convert all lighting in Public Utilities Commission facilities now using incandescent bulbs to compact fluorescent equivalents by end of the current fiscal year, and to accomplish a 50% penetration rate for these bulbs by December 31, 2007.

Further resolved that a program to educate and assist other city departments to so convert will be developed and described to the Commission no later than October 31, 2007.

Further resolved, that the General Manager will develop and put into use, a public relations campaign to acquaint the San

Francisco community with the advantages of conversion to compact fluorescents similar to the effort they recently made about bottled water.

Commissioner Sklar explained why he felt it timely and appropriate that the Commission take action now, in this concrete fashion to put into practice its goal of supporting and encouraging energy conservation. Commissioner Sklar noted that use of these efficient light bulbs in place of the existing incandescent bulbs could produce an immediate reduction in energy use in SFPUC facilities as well as set an excellent example for other City departments and encourage the private sector to take similar steps to begin to conserve energy now.

Commissioner Hochschild asked Manager of Efficiency Procurement Gary Oto about the feasibility of undertaking this action in the time frame proposed. Commissioner Hochschild observed that this was a great idea, albeit noting the difficulty would be in getting the word out, but that it could make a bold statement.

Ms. Leal responded that it would be possible to develop a work plan by Halloween, that already several energy conservation measures were actively under consideration, and that she would direct staff to accelerate planning toward that end. Ms. Leal noted that this effort would involve cooperative outreach to other City Departments as well and specific steps would also be taken to identify places where appropriate fixture replacement could further facilitate conversion to use of the more efficient light bulbs. In response to a question concerning funding by Vice President Caen, Ms. Leal noted that she felt existing funds were adequate. Commissioner Normandy commented that this seemed like worthy and doable. Commissioner Sklar urged staff not to hesitate to request additional funds, if needed, for this project.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0 AYE - Caen, Normandy, Sklar, and Hochschild) unanimously. Resolution No. 07-0142.

6. Commission Business

- b) Discussion of concerns with current status, pending staff intent with regard to Program Management Structure, consultants, and related matters.

Commissioner Sklar submitted the following list of questions to which he requested staff respond.

Concerns and questions re Program/Construction Management Direction 08/07/2007

I. Continued role of CH2M Hill

A. President Brooks and I have received conflicting stories from both staff and consultant personnel on whether CH2M initiated the move to have them leave the PM team or whether it was suggested by Tony Irons. Apparently this has moved along so far as to have CH2 develop a plan to transition out. Did Tony Irons suggest that CH2M leave the PM team? To whom, when and why?

B. It has been suggested that if CH2 left the PM team they could then compete and presumably win one of the pending CM contracts. What is the staff position on the eligibility of one of the PM partners to compete for these lucrative contracts when the sentiment of the commission and I thought the staff was that there was a conflict for one doing both roles, and a PM team member would have unfair advantage over others in competing? What has CH2 been told on this issue?

C. At the July 10 or last June meeting in dialogue with Tony Irons, we were told how pleased he was with the Parsons/CH2 service as PM. In earlier meetings in the conf room, we were told that Tony viewed the CH2 team and personnel even more highly than Parsons in this effort. What has caused Tony to change his mind on this issue?

II. Role of Lemley Associates

A. Apparently Lemley Associates has been engaged to study our structure and in particular the Program and Construction Management needs as we go forward. Why was the Commission not told such a study was going forward? Did the staff join Tony Irons in defining the need for such study? How was Lemley selected? What was their mission? How much did this study cost us? Although they were engaged as a sub to the PM contract, were the PM primes involved in the decision or selection? A formal report and presentation were made to staff and maybe the PM consultants. Why was not the Commission presented this information? Will copies of the study be given to the Commission? Can we have presentation and questioning of the author, Mr. Lemley personally and in person to discuss his conclusions? There has been some information that staff is considering suggesting or has suggested to Parsons that Lemley or his colleagues join the Parsons team in competing or extending the PM effort. Is this so? I understand that Jack Lemley who is a giant in our industry does not really have a company as we normally know it, but simply gathers together contemporaries and colleagues from his experience on an ad hoc basis for his work. Is this true?

III. The Risk Analysis

We have been told that for some time a Risk Analysis is being undertaken by the PM to determine whether our schedule and budget as adopted are still valid. We were originally told this would be available in spring. It was repeatedly delayed. Word has now reached us that the study was delivered to staff and it did show significant risk of costs exceeding the current \$4.3B budget by some not small amount? Further we have been told that the staff has been told to undertake such work as as needed to get the project back within the budget? We recognize that things change, costs rise due to controllable and uncontrollable reasons, but should not the Commission be made aware of the core conclusions of our PM who we were told would present their findings to us?

IV. Ongoing Program and Construction Management Plan and Structure

Tony Irons told us he was going to discuss with us his ideas on the ongoing PM/CM structure. In fact he asked me privately to meet and give him my thoughts on same. Where is that discussion and plan now?

In response to Commissioner Sklar's series of interrogatories, Commissioner Normandy restated the basic point underlying this discussion was the Commission's clear intent that those companies who chose to seek project management work would not be eligible to subsequently become involved with design and construction work. Commissioner Normandy emphasized that given the scale scope of projects envisioned and the need to be ever vigilant that no one achieves any unfair advantage and that everything be done appropriately that this fact be clearly understood by all participants. Commissioner Sklar noted that it was critical that the transparency of the program be carefully safeguarded and requested his list of questions be included in the meeting's record. Commissioner Hochschild asked concerning the thresholds for matters to be brought to the Commission for action. Commissioner Sklar discussed concerns that the long planned risk analysis had not yet been presented and asked what were the likely risks for project cost overruns. Commissioner Sklar also expressed concern about a lack of timely communication to the Commissioners concerning critical program issues.

In response, Ms. Leal noted that as neither Mr. Tony Irons nor Ms. Julie LaBonte were present to respond that their response would be provided upon their return. Next, Ms. Leal reported that a memo from Ms. LaBonte addressing some of the questions was already under final review and would soon be forthcoming and that a full response to all would be made.

Vice President Caen suggested that all of these matters could reasonably be addressed at the next regular meeting and any lack of clarity be cleared up then.

Commissioner Normandy reiterated the Commission's position that the only reason that the decision had been made to continue forward with the peaker plants (CT's) was because doing so had been required in order to close down the existing polluting facilities. Commissioner Normandy noted that should an opportunity arise that rendered use of the peaker plants unnecessary, the Commission would undoubtedly take action to address the community concerns with the combustion turbine plants as well.

In answer to a query by Vice President Caen concerning any residual funds remaining from the \$120 million Pleasanton land sale that had been intended to fund the SFPUC headquarters building, Ms. Leal reported no funds from this transaction were still to be found. Commissioner Sklar urged that staff keep focused so that similar dissipation of designated funds could not re-occur. Assistant General Manager Laura Spanjian noted that the Commission had earmarked \$20 million from a surplus property sale in San Mateo County for that purpose.

7. Report of the General Manager

a) State Legislative Update

Assistant General Manager of External Affairs Laura Spanjian introduced Don Gilbert, the state lobbyist for the San Francisco Public Utilities Commission. Mr. Gilbert provided the Commissioners with an overview of the recent legislative session and noted the potential impact of the then continuing state budget impasse. Mr. Gilbert then highlighted progress made with the passage of the state water bonds and noted that there was significantly less activity on the power side of issues of concern to the SFPUC. Mr. Gilbert then discussed plans to the upcoming session and discussed legislation of particular interest, pointing in particular to efforts to move forward on solar programs as well as seeking funding for sewer and storm water system upgrades.

b) Conservation Outreach

Ms. Spanjian reported that Policy and Legislative Manager Nathan Purkiss would be conducting the third annual legislative tour of Hetch Hetchy.

Ms. Laura Spanjian next provided an extensive overview of this year's conservation campaign entitled "The Water Saving

Hero" campaign and distributed copies of a brochure. In particular, Ms. Spanjian thanked Communications Director Tony Winnicker and Nicole Sandkula for the new conservation outreach campaign as well as to Bay Area Water Conservation Agency (BAWSCA). She noted that they had been wonderful and had worked hard in a short time frame to get it done. Ms. Spanjian also lauded our partners and noting that the various water districts had been terrific and had in addition brought forth funding for this. The Assistant General Manager reported that there were four areas where the ads were being shown, noting that ads in the Chronicle, on San Francisco MUNI and Cal Train and BART trains as well as ads in the BART stations, as well as billboards, noting in particular the billboard outside the San Francisco Airport on 101, all encouraging people to conserve water. In addition, Ms. Spanjian reported that radio ads were approved last week for a comprehensive campaign. Ms. Spanjian observed that it was staff's hope this campaign would encourage people to conserve, particularly as the next few months heat up. Ms. Spanjian then announced that not only was the campaign in place for this year using money from the agencies but also funds were sufficient for next year too and additionally that staff had also applied for a matching grant and authorized a \$1 million contribution to the effort.

Commissioner Hochschild asked if there were directions available for people to go to a website? In response, Ms. Spanjian's called his attention to watersavinghero.com. Next, the Assistant General Manager discussed some of the kinds of information on how to conserve water available through this year's campaign. In answer to a query by Commissioner Normandy as to its budget, Ms. Spanjian reported that the campaign budget this year was \$800,000, achieved through contributions by five different Agencies and that an additional \$1 million had been received from Department of Water Resources to help fund next year's campaign.

Commissioner Sklar noted that Ms. Spanjian and her staff had done a superb job and found the campaign terrific, noting now let us see what the results will be.

Next, Assistant General Manager Michael Carlin brought the Commissioners up to date concerning the water outlook, noting that use was running 12 percent below last year and compared to 2005, another dry year, 38 percent, which was good news. Mr. Carlin further observed that there was sufficient water banked for expected needs this year. In answer to a question by Commissioner Sklar concerning next year's outlook, Mr. Carlin reported that we did not have future predictions as of yet.

This item concluded the General Manager's Report.

REGULAR BUSINESS

8. Discussion and possible action related to conduct a public hearing on the "2007 Public Health Goal Report" and direct the Water Quality Bureau Manager to submit a letter to the California Department of Public Health (CDPH) documenting that such a hearing was held.

The Commissioners acknowledged receipt of the "2007 Public Health Goal Report", waived its reading, and asked if any member of the public wished to offer comment during the required public hearing.

There was no public comment.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

Resolution No. 07-0143: Conduct a public hearing on the "2007 Public Health Goal Report" and direct the Water Quality Bureau Manager to submit a letter to the California Department of Public Health (CDPH) documenting that such a hearing was held.

9. Discussion and possible action related to Contract WD-2497 Polhemus Creek Restoration, with Siteworks Construction.

There was no public comment.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

Resolution No. 07-0144: Approve a transfer of funds in the amount of \$414,000 from Project CUW226 - Recoating of BDPL NO. 1 & 2 Newark to Project CUW20205 - Polhemus Creek Restoration to fund additional project work using the Job Order Contract and cover additional biological monitoring, pre and post construction water quality and surveying work, design work and construction support services.

REAL PROPERTY TRANSACTIONS

10. Discussion and possible action related to a Lease with Daly City for the use and operation of the Vista Grande Tunnel.

There was no public comment.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to adopt the following resolution; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

Resolution No. 07-0145: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco, a Lease with Daly City for the use and operation of the Vista Grande Tunnel.

CONSTRUCTION CONTRACTS

Close

11. Discussion and possible action related to Contract No. WD-2397 Sunset Reservoir North Basin Embankment Stabilization Project.

Commissioner Sklar asked for clarification if this matter could be returned to the Commission for final approval after negotiations were complete. Deputy City Attorney Noreen Ambrose agreed this could be done with a simple amendment. This was agreed without objection.

There was no public comment.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to adopt the following resolution as amended; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

Resolution No. 07-0146: Accept work performed by Gordon N. Ball/Yerba Buena Engineering & Construction Joint Venture for Water Enterprise Water System Improvement Program-funded Contract No. WD-2397 Sunset Reservoir North Basin Embankment Stabilization Project, approve Modifications No. 5 and 6 (Final), increasing the contract by \$53,041.71, for a total contract amount of \$7,414,157.86, and with a time extension of 110 consecutive calendar days for a total contract duration of 535 consecutive calendar days for substantial completion; and authorize final payment, in the amount of \$164,294.37 including retention and deductions for both OLSE and HRC fines, to the contractor.

PROFESSIONAL SERVICE CONTRACTS

Award

12. Discussion and possible action related to approve the selection of ESA+Orion Joint Venture; award Agreement No. CS-867, Environmental Analysis Services for the San Francisco Sewer System Master Plan, and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with ESA+Orion Joint Venture.

There was no public comment.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to adopt the following resolution; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

Resolution No. 07-0147: Approve the selection of ESA+Orion Joint Venture; award Agreement No. CS-867, Environmental Analysis Services for the San Francisco Sewer System Master Plan, to provide programmatic and project-specific environmental review; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with ESA+Orion Joint Venture for an amount not to exceed \$5,000,000 and with a duration of thirty-six months from the date of the Notice to Proceed.

13. Discussion and possible action related to CS-854, Engineering Services for Sutro Reservoir Seismic Upgrades and Rehabilitation.

Commissioner Sklar, citing a past relationship, requested that he be recused from participation on this item. This request was granted without objection.

There was no public comment.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 - Caen, Normandy, and Hochschild) unanimously.

Resolution No. 07-0148: Approve the selection of URS/SOHA JV; award Water Enterprise Water System Improvement Program-funded Agreement No. CS-854, Engineering Services for Suto Reservoir Seismic Upgrades and Rehabilitation, to provide Engineering Services for planning, design, and construction support; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with URS/SOHA JV for an amount not to exceed \$1,600,000, and with a duration of 47 months, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.

There was no public comment.

15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to adopt the following resolution; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

Deputy City Attorney Noreen Ambrose reported that as there was nothing to discuss at this time, Agenda items 16 through 20 would be taken off the Calendar.

The Public Utilities Commission met in Closed Session at 3:05 P.M.

Present were Vice President Caen, Commissioner Normandy, Commissioner Sklar, Commission Hochschild, General Manager Susan Leal, Deputy Attorney Noreen Ambrose, Assistant General Manager of Wastewater Tom Franza, and Commission Secretary Michael Housh.

16. Threat to Public Services or Facilities - Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; U.S. Bankruptcy Court, Northern District of California, Case No. 01-30923-DM; Filed June, 2004.

18. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER05-1190-000; Filed July 1, 2005.

19. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket No. ER00-565-018, et al.; Filed November 1999.

20. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Mueller)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco; Federal Energy Regulatory Commission, Docket No. EL05-133-000; Filed June 29, 2005.

21. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Margolis)

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0 - Caen, Normandy, Sklar, and Hochschild) unanimously.

Resolution No. 07-0149: Martin v. City and County of San Francisco Sons of Italy, San Francisco County Superior Court, Case No. 436930, City Attorney File No. 041822 Filed January 31, 2005.

22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (Ambrose) Anticipated Litigation: As Defendant

The Public Utilities Commission reconvened in Open Session at 3:25 PM.

23. Announcement following Closed Session.

Vice President Caen announced that Item 21 had been settled and Item 22 had been discussed with no action taken.

24. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, not to disclose the discussions during Closed Session; passed (4-0 – Caen, Normandy, Sklar, and Hochschild) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:38 P.M.

Michael Housh
Commission Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTO_ID/369/C_ID/3620

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Χιτψ ανδ Χουντψ οφ Σαν Φρανχισχο

notice of Cancellation

The regular San Francisco Public Utilities
Commission Meeting scheduled for
August 28 2007 at 1:30 P.M
in City Hall, room 400 has been

07-28-07P03:24 RCYU

DOCUMENTS DEPT.

JUL 26 2007

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cancelled

The only regular
San Francisco Public Utilities Commission meeting during
August 2007 will be held on

Tuesday, August 14, 2007 beginning
at 1:30 P.M in Room 400 City Hall

Michael Housh, Secretary
San Francisco Public Utilities Commission
Posted –July 26, 2007



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, September 11, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

11-10-07 SEP 10 2007
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DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the August 14, 2007 Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

- a) Water System Improvement Program/Capital Program/
Wastewater Master Plan *(Irons)*
- b) Conflict of Interest Issues in Contracting *(Irons)*

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Approve the plans and specifications and award CUW 260 Water Main Replacement/Retrofit Program-funded Contract No. WD-2453 8-Inch Ductile Iron Main Installation in Washington St., Pacific Ave. and Clay St. in the amount of \$1,479,213.00 to the lowest, qualified, responsible and responsive bidder, J. Flores Construction.

- b) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise 5-year CIP Program-funded Contract No. WW-449, Brotherhood Way/St. Charles Ave Sewer Improvement, in the amount of \$1,611,100, to the lowest, qualified, responsible and responsive bidder, D'Arcy and Harty Construction.
- c) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-451, Valencia Street Sewer Replacement, in the amount of \$1,136,555, to the lowest, qualified, responsible and responsive
- d) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. CW-358, SEWPCP Digester Overflow Sludge Hoppers Corrosion Protective Coating, by LC General Engineering & Construction, for a total contract amount of \$476,460.51, and authorize final payment, in the amount of \$47,646.04, to the contractor.
- e) Staff Recommendation: Accept work performed for Wastewater Enterprise 5-Year CIP Program-funded Contract No. WW-373R, The Embarcadero Odor and Corrosion Control Ventilation Elements, by L.C. General Engineering, approve Modification No. 1 (Final) decreasing the contract by \$96,630.36, for a total contract amount of \$361,979.64, and authorize final payment, in the amount of \$36,197.96, to the contractor.
- f) Staff Recommendation: Accept work performed for Wastewater Enterprise 5-Year CIP Program-funded Contract No. CW-384, Southeast Water Pollution Control Plant Aeration Basin Mixer Replacement, by Monterey Mechanical Co., approve Modification No. 1 (Final) increasing the contract by \$232,004.68, for a total contract amount of \$3,610,003.68, and authorize final payment, in the amount of \$373,450.07 to the contractor.
- g) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-397 Water St./Scotland St./Via Bufano Sewer Replacement and Pavement Renovation, by M. Hernandez Construction, for a total contract amount of \$430,847.99, and authorize final payment in the amount of \$45,036.85 to the contractor.

- h) Staff Recommendation: Accept work performed for 5-Year CIP Program-funded Contract No. CW-400, Vicente Street Sewer System Improvement, Phase 2, by Shaw Pipeline, approve Modification No. 1 (Final) decreasing the contract by \$97,425.00, for a total contract amount of \$3,502,300.00, and with a time extension of 47 consecutive calendar days for a total contract duration of 278 consecutive calendar days; and authorize final payment, in the amount of \$254,937.94, to the contractor.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

REAL PROPERTY TRANSACTIONS

9. Discussion and possible action related to execute a Lease with New Cingular Wireless PCS, LLC, for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on a portion of Parcel 65 of Alameda County lands (aka 11600 Pleasanton Sunol Road), Sunol. *(Dowd)*

Staff Recommendation: Authorizing the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a Lease with New Cingular Wireless PCS, LLC, a Delaware limited liability company, for approximately three hundred (360) square feet of space for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on San Francisco Public Utilities Commission Watershed land located on a portion of Parcel 65 of Alameda County lands (aka 11600 Pleasanton Sunol Road), Sunol, California.

Special Lease Clauses: 28.1, 28.2, 28.3, 28.4, 28.5.

10. Discussion and possible action related to execute a one hundred eighty day Exclusive Negotiating Agreement (ENA) with Oliver de Silva, Inc. for the mining on a portion of Parcel 65 in Sunol Valley.

Staff Recommendation: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission

(SFPUC) to execute a one hundred eighty day Exclusive Negotiating Agreement (ENA) with Oliver de Silva, Inc., for the mining of the 325 acre Sunol Valley Aggregate Quarry site located on a portion of Parcel 65 of Alameda County lands in Sunol Valley. (Dowd)

CONSTRUCTION CONTRACTS

Amend

11. Discussion and possible action to modify and extend Contract No. WD-2534, (Job Order Contract) General Construction Services, San Francisco/Peninsula. (Kelly)

Staff Recommendation: Approve the option to modify Job Order Contracts up to one hundred-fifty percent of the original contract amount and extend contract to three years as allowed in Chapter 6 of the Administrative Code, and modify Contract No. WD-2534, (Job Order Contract) General Construction Services, San Francisco/Peninsula, in the amount of \$1.5 million for a total contract amount of \$4.5 million and extend one year for a total duration of three years, to Power Engineering Contractors, Inc.

CLOSED SESSION

12. Public comments on matters to be discussed in Closed Session.
13. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

14. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

15. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d)(1). (Jensen)

Existing Litigation: Pacific Gas and Electric Company v. City and County of San Francisco, Alameda County Superior Court No. RG-05-246128
City Attorney's File No. 060668.

16. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). *(Sandoval)*

Existing Litigation: Mitchell Engineering/J. Fletcher Creamer & Son, Inc., Joint Venture v. City and County of San Francisco (San Joaquin Pipeline)
San Joaquin County Superior Court, Case No. CV 026863
City Attorney File No. 060024 Filed July 6, 2005.

17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).
(Sandoval)

Existing Litigation: State Farm Insurance Co. & Jose Zuniga vs. The City & County of San Francisco, City Attorney File No. 07-03231 (07-W-6045-2),
Filed June 18, 2007.

18. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2)
(Ambrose)

Anticipated Litigation: As Defendant

19. Public Employee Performance Evaluation – Pursuant to Government Code 54957.
Position: Commission Secretary. *(Modena)*

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

20. Announcement following Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, September 25, 2007
12:30 P.M.

NOTE DIFFERENT MEETING START TIME

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

SEP 21 2007

**SAN FRANCISCO
PUBLIC LIBRARY**

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

a) Minutes of the September 11, 2007, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Discussion and possible action related to SFPUC Resolution No 07-0137, discussion of the proposed San Francisco Electric reliability Project (the Combustion Turbines (CTs)), discussion of the environmental reviews of this project, and an update on the JPower contract.
(Sklar)

8. **Water System Improvement Program (12:30PM to 2:30PM)**

Workshop One: Risk Assessment, Program Organization and Contracting Strategy

I. This is the first of three consecutive workshops to brief the Commission on a number of ongoing WSIP programmatic initiatives. The objective of the first workshop is to:

(1) Share the key findings and recommendations of the WSIP Risk Assessment conducted by Parsons and CH2MHill.

(2) Present the organizational structure and contracting strategy recommended by the WSIP Senior Management Team.

9. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report.
(Jensen)
- a) BAWSCA Update Report

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation Approve the plans and specifications and award Water System Improvement Program funded Contract No. WD-2553, Standby Power Facilities, East Bay, in the amount of \$233,917.00 to the lowest, qualified, responsible and responsive bidder, John D. Baker Construction.
- b) Staff Recommendation: Accept work performed for Water Enterprise, Water Main Replace/Retrofit Program-funded Contract No. WD-2404, 23rd Street 8-Inch Ductile Iron Pipe Main Installation, by Synergy Project Management. Approve Modification No. 1 increasing the contract by \$20,000, Modification No. 2 increasing the contract by \$16,708.01 and Modification No. 3 (final) increasing the contract by \$11,387.04 for a total contract amount of \$1,447,195.05 and authorize final payment, in the amount of \$41,596.68, to the contractor.
- c) Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute and renew Joint Funding Agreements (JFA) with the U.S. Geological Survey (USGS) in a cooperative program to construct, operate and maintain gauging stations on the Alameda and Peninsula Watersheds in an amount not exceed \$300,000 annually, subject to funding availability.

REGULAR BUSINESS

11. Discussion and possible action related to authorize the General Manager for an extension of an existing Memorandum of Understanding (MOU) with the County of San Mateo (CSM) for trail development and conveyance of trail easements.

(Carlin/Ramirez)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco an extension of an existing Memorandum of Understanding (MOU) with the County of San Mateo (CSM) for trail development and conveyance of trail easements for duration of three years. This will allow the CSM to complete construction of the remaining trail segments on the Peninsula Watershed.

12. Discussion and possible action related to authorizing the General Manager of San Francisco Public Utilities Commission (SFPUC) to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with San Francisco Recreation and Park Commission (Rec. & Park) which will allow the SFPUC the right to enter that certain property located in Mt. Davidson Park and to perform all such other actions at the Property as are reasonably necessary for the SFPUC to access, operate, repair, replace and maintain the Tank, the New Pipelines, the Temporary Mobile Pump Station, and the related appurtenances.

(Dowd)

Staff Recommendation: Authorize the General Manager of San Francisco Public Utilities Commission (SFPUC) to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with San Francisco Recreation and Park Commission (Rec. & Park) which will allow the SFPUC the right to enter that certain property located in Mt. Davidson Park to retrofit the Mt. Davidson water tank, construct new inlet pipe, new outlet pipe, temporary mobile pump station, and related appurtenances in accordance with the Plans (as defined below) and the provisions of this MOU, and to perform all such other actions at the Property as are reasonably necessary for the SFPUC to access, operate, repair, replace and maintain the Tank, the New Pipelines, the Temporary Mobile Pump Station, and the related appurtenances.

REAL PROPERTY TRANSACTIONS

13. Discussion and possible action related to authorizing the General Manager of the San Francisco Public Utilities Commission to execute on behalf of the City and County of San Francisco, a Lease for the installation of mobile/wireless antennas and related equipment.
(Reiter)

Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission to execute on behalf of the City and County of San Francisco, a Lease with California RSA No.3 Limited Partnership, dba Golden Gate Cellular, a California Partnership, for approximately fifty (50) square feet of space for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on San Francisco Public Utilities Commission land located at Moccasin atop the surge tank, Hetch Hetchy Parcel 271-272 (APN: 057220200 & 0651403800) in Tuolumne County, California.

PROFESSIONAL SERVICE CONTRACTS

Award

14. Discussion and possible action related to approval of Amendment No. 3 to Professional Services Agreement No. CS-683 and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the contract amount and extending the term of the contract.
(Dowd)

Staff Recommendation: Approve Amendment No. 3 to Professional Services Agreement No. CS-683, Real Estate/Land Use Negotiation Services, with Wendel, Rosen, Black & Dean LLP to assist SFPUC staff with complex real estate and land use issues and negotiations and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the contract amount by an additional \$50,000 from \$900,000 to \$950,000, and extending the term of the contract to December 31, 2007.

15. Discussion and possible action related to award Agreement No. CS-891, Security Consulting and Design Services for the Homeland Security division.
(Suhr)

Staff Recommendation: Approve the selection of Catalyst Consulting Group, Inc. and award Agreement No. CS-891, Security Consulting and Design Services, to provide complete technical security systems implementation, design, integration support, and construction management services for the SFPUC's Homeland Security division; and authorize the General Manager of the San Francisco Public Utilities Commission

to negotiate and execute a professional services agreement with Catalyst Consulting Group, Inc. for an amount not to exceed \$4,000,000.00 and with a duration of five years.

Amend

16. Discussion and possible action related to approval of Amendment No. 1 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-732, respond to public comments, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement. *(Torrey)*

Staff Recommendation: Approve Amendment No. 1 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-732, Calaveras Dam Replacement Project – Environmental Analysis Services, with EDAW Inc. and Turnstone Consulting Corp. Joint Venture to provide environmental analysis and alternatives analysis, prepare documents and permit applications, and respond to public comments. Authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$2,960,000, for a total agreement amount of \$6,460,000.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.
18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

20. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

(Sandoval)

Existing Litigation: State Farm Insurance as subrogee for Laurence Tam vs. the City & County of San Francisco, City Attorney File No. 07-08-00366 (07-W-6073-4), Filed August 14, 2007.

21. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

(Long)

Existing Litigation: Hongqi Wang/Fashion Express vs. the City and County of San Francisco City Attorney File No. 07-027225 (07-W-0063-1), Filed April 18, 2007.

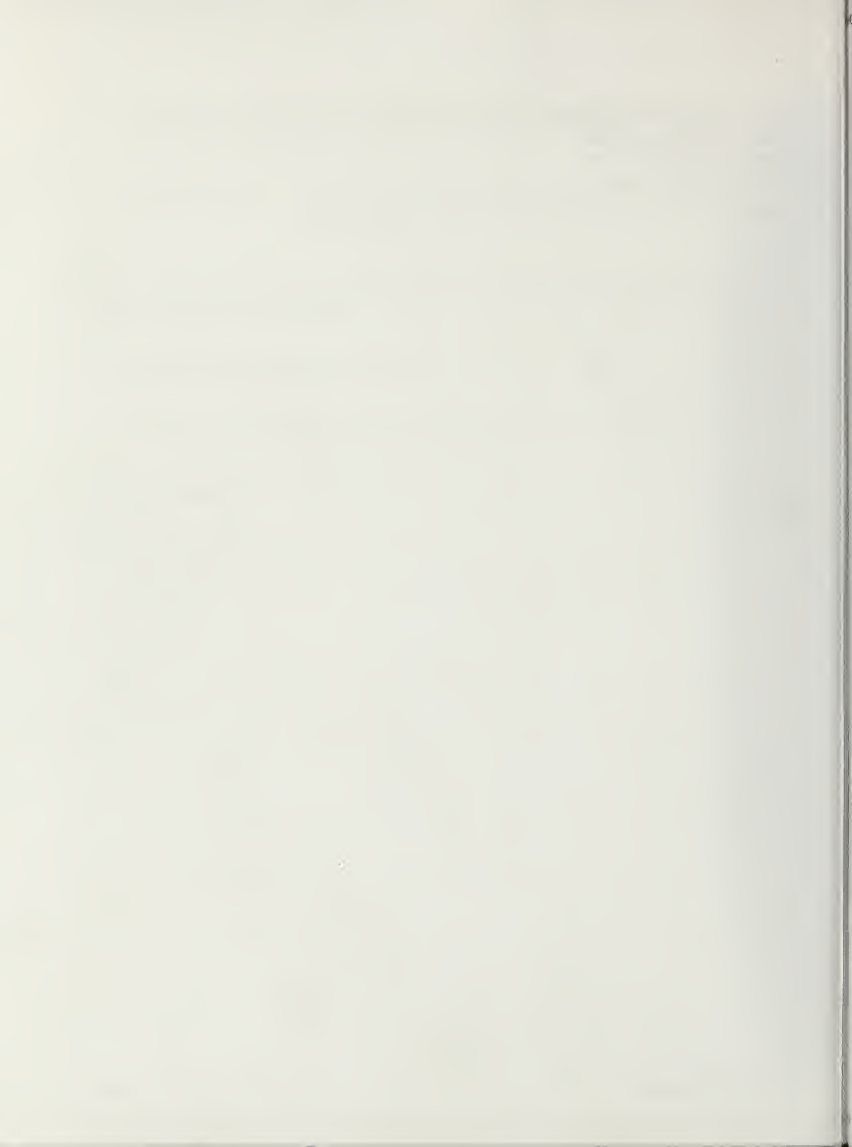
FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

22. Announcement following Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





SAN FRANCISCO Public Utilities Commission

7/25/07 Minutes San Francisco Public Utilities Commission (part 1 of 2)

Published: 10/11/2007 | Updated: 10/15/2007

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DEPARTMENTS AND ENTERPRISES

MINUTES

Tuesday, September 25, 2007

12:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Richard Sklar

The Honorable David Hochschild

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 12:41 P.M.

2. Roll Call: Present – Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner David Hochschild. President Ryan L. Brooks was excused.

3. Approval of Minutes of September 11, 2007, Regular Meeting. Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the Minutes of the September 11, 2007, Regular Meeting; passed (4-0) unanimously.

4. Public Comment: Mr. Steven Lawrence, urged that attention be given to a critical path review focused on essential projects that if delayed would delay the entire program and expressed concern that the Program Environmental Impact Report (PEIR) was behind schedule.

General Manager Art Jensen of Bay Area Water Supply and Conservation Agency (BAWSCA) applauded the attention to detail.

Mr. Francisco da Costa called the Commissioner's attention to his concerns with the ongoing environmental problems experienced in the southeastern neighborhoods of San Francisco. An anonymous member of the public echoed Mr. Da Costa's concerns and asked that the Commissioners do whatever they could to mitigate or resolve these problems.

Commissioner Sklar responded to Mr. Lawrence's comments noting that Deputy General Manager Tony Irons had pointed out several occasions at Commission meetings that the PEIR was not yet complete but that it was not on the critical path because of decisions that were taken some time ago to proceed at risk with design elements that would keep us on schedule and to the best of his belief, from reading reports pretty thoroughly. That's where we are now.

5. Communications:

There was no discussion

6. Commission Business:

There was no discussion.

7. Discussion and possible action related to SFUC Resolution No 07-0137, discussion of the proposed San Francisco Electric reliability Project (the Combustion Turbines (CTs)), discussion of the environmental reviews of this project, and an update on the JPower contract.

Commissioner Sklar began the discussion noting "I think it is useful for each of us to express our opinions on this critical issue

of the CT's. We will be then on the record about now each of us feels about it. Commissioner Sklar noted that my position was very clear; I want Potrero closed under any circumstances. It has been my preference, and now has become my belief, that an alternate path can get Potrero Mirant closed without building new fossil plants in the City of San Francisco." Commissioner Sklar then said, "discussion is now taking place whether or not a study done by CAL ISO published on July 9 ought to be looked at more seriously than it has to date, and clearly that look is occurring. I want to read to you a single sentence from the CAL ISO Report of that date, which I think is available to everybody. It says: options are available to meet the required level of electric system reliability in San Francisco without relying on generation in the City. This is a report that CAL ISO commissioned; it was done for them on July 9th. The declarative sentence is very clear. There are a series of pages and I won't attempt to track us through them, but the next step in this process was a letter sent within a matter of hours to Supervisor Sophie Maxwell by Vice President Perez of ISO that in effect threw cold water or ignored the study that this group had produced just the day before. Mr. Perez didn't sign the letter; someone else signed it for him. It was a letter that he said was written because his public relations department had been told, don't worry about doing the study, the City wanted to do the power plants. There were several errors in Mr. Perez' letter and I am sure if he were rewriting it today he would correct them. He talked about the fact that the action plan for 2004 included the TBC. Well, it didn't. But then we get to the critical last lines on the page. His last sentence reads as follows: unlike the proposals identified in the plan, that is the existing action plan, recently introduced alternatives fail to contain the engineering details essential to retire existing generation while meeting reliability requirements. He first says an alternate concept has been developed. He didn't say a study was done for us; or that an alternate study was done for us. Then I think he does something that I think was not Mr. Perez' doing but just a catch-all phrase. Since we don't have the details, we're not going to pay attention to it. Anyone would say we will look for additional engineering and implementation plans so we can effectively see if this alternative works and I think today, based on conversations that I have had with Mr. Perez, he might rewrite the last paragraph of that letter. The study is now going forward. In Section 7, significant additional material has been provided to ISO by PG&E who does this work for ISO, further backing up the information that further peakers may not be necessary. It is there for all of you to read. That path is being pursued seriously on the public and private sector at the very highest levels of ISO, with at least interest to examine the possibility. Now, my position, and every Commissioner has their own, I want Potrero-Mirant to be closed. If we can close it without the CT's, less environment, economic and social impact in this area of the City, let's do it. If we cannot achieve that through our work with ISO, the peakers will be built. Commissioner Sklar continued by saying that I want to assure that we do nothing as a staff or a Commission to denigrate or make this study look less valuable than it is. Let it stand for itself before those who are going to examine it. I think that's my basic philosophy. There are a couple of details of things I would like to discuss later on, but I wonder if my fellow Commissioners could express their own opinions."

Commissioner Sklar then requested that the Commissioners remarks on this important topic be reported in the meeting minutes verbatim.

Vice President Caen responded by noting that she did not have anything to add to Commissioner Sklar's statement that she totally agreed, noting Commissioner Sklar had done a lot of research, and she thanked him for his hard work in this regard. Vice President Caen next called for public comment on this item.

Public Comment:

Mr. Darrell Cockerham, an organizer with A. Philip Randolph Institute in the Southeast division of the City, commented that what we have experienced, was that as his organization had gone out and talked to a number of the people, residents of public housing as well as residents who just live in the area, was that many of them didn't know this was happening. When they found out, they wanted to know more. Many people in that area said this is not needed. They asked why close one dirty plant only to open up new ones that generate much more waste in an area. Obviously if you drive down Third Street or any of the other streets in that section of the City, the smells hit you whether you are by the water waste treatment plant or who knows what else is in the air over there. This wasn't something that seems to be needed and it seems like there are other alternatives that can be explored that would be faster, cleaner, better for the environment, better for the people in the area. That's pretty much all I had to say. I didn't think there was a need to rush this thing through. It felt sort of like it could be held back like Mr. Sklar said; more research can be done on it and taken into account. That part of the City is somewhat ignored when it comes to these issues. Everything is sort of tossed into that part of the City to give power or whatever to the rest of the City, and I'm not one of those people who would come up there and say, well, why put it there, why not put it in Pacific Heights, it's just not needed any more. It's old and it's time to move to something new. Thank you.

Mr. Eddie Kittrell reported that he wanted to speak briefly about the peakers. We have went through a lot of trouble in the Bayview to close one plant and we are residents in Potrero Hill, we are having a problem with the Mirant Power Plant already and we would like to see that thing closed down. What I'm concerned about, we have infant and toddler schools right in the location you are talking about building these peakers. and if there is any way possible there could be some research done before we go ahead with whatever we're going to do about this thing. We are concerned about the children that go to school there. If there's any way that that will harm them, we would like to take a closer look at these things.

Mr. Joseph Bryant, a community educator with the A. Phillip Randolph Institute, reported that over the last several months he had been working directly informing the community that the Peakers would be built and reported that a lot of the people were

very concerned. He noted they were truly concerned because they had thought they had a chance to have one dirty plant closed and now heard it was going to be replaced by four more. He observed that these people have suffered years and years and years of toxic exposure already just with the plant that's there already. But now they have to basically renew a lease on more, less polluting, as they want to say, plants but still will pollute the same people that have been exposed for many many years. We would like to maybe think about looking into greener options, maybe solar options or whatever's on the table. It's 2007, there's global warming is the hot topic right now. Why are we putting in these dirty polluting plants? Even though they are less polluting, they are still polluting the same people that's been exposed to this for many many years. Basically we just want to say let's hold on for a minute before we make the final decision and let's see what other options there are. Let's see what the true effects of this are going to be. Thank you.

Ms. Verla Williams, a resident of Hunters Point for 45 years, reported that she had lost her parents to lung cancer and neither one of them smoked. And now she had asthma, my children have asthma, my grandchildren have asthma, and the majority of that community has it, and that she was here to say that we don't need anything else in that area and we don't want it, thank you.

Ms. Dolores Tutson, a resident of District 10, commented that her community has had to suffer most of the toxins for the City saying look at who lives two miles around where the San Francisco Public Utilities want to build dirty power plants: 48 percent African American, 24 percent Asian, and 16.7 percent Latino and of these close to 25 percent live below the poverty line according to the census. We are the folks you need to think about when you vote to support this dirty power plant project. Please don't build a dirty power plant in our community. Thank you.

Ms. Loresha Langdon commented that she did not understand how building the combustion turbines were consistent with the City's goal for a cleaner community. She noted the peaker power plants would emit nitro oxides, sulfuric carbon monoxide and other bad stuff she could not pronounce. She observed that local emission offsets would not help her community breathe better. She noted what was needed was to close the Potrero power plant with a clean solution, not the SFPUC's dirty solution. She asked that the Commissioners vote against this dirty power plant project and help our community breathe cleaner. Thank you.

Mr. James A. Bryant, President of the A Philip Randolph Institute San Francisco Chapter, APRI, commented that what he thought also interesting was that in that presentation, the staff for PUC had also mentioned buying some new trucks to clean up residue that came off of the peaker plants. You know, what made that all interesting was so there must be some concern that these peakers emit some sort of pollutants because if that weren't the case, they wouldn't be buying these new fancy clean up trucks to screw up the grounds, right? Then it hit me, wait a minute, I represent workers, car cleaners, and other workers as a political chair for Services Employees International Union (SEIU), and I represent workers. I did not remember the SFPUC sending a letter informing the workers that they were planning to drop some peaker plants right on the location where you will be working all day long. Perhaps, he then remarked, the plan was maybe they would be part of the sweep that the PUC plans to do with the ground, you know, the workers, the ground. But this makes no sense. This absolutely makes no sense at all. And furthermore, the way I hear it, the SFPUC doesn't even have a contract with Municipal Transportation Agency (MTA) for the use of that land. They are hoping I suggest, as many of the speakers before me have so eloquently spoken, that we take this project back, take another look at it, and even if we know that the peakers are probably out of their own timeline, we need to come up with some better solutions. He concluded by noting that as a Bayview Hunters' Point resident, he had to tell the Commissioners that he did not want to take the chance of having to suck in those emissions for 10 years without a guarantee. Thank you.

Mr. Guillermo Rodriguez, the Executive Director of the Randolph Institute, reported that his organization had been meeting with the California Energy Commission (CEC), trying to come down and find out for a fact, real determination that if building these peakers plants is the only way to close Potrero we really wanted to try to understand that issue, and frankly, the only thing that we got back from the CAL ISO was a comment that that is the only option that the City has recommended so that's the only thing they looked at. They didn't look at other options. APRI wants the Mirant Power plant closed completely, but there has to be a clean green alternative solution. That's one reason why we're trying to raise the consciousness of the community, we joined with other organizations yesterday to file suit in federal district court to try to prevent the city from moving forward on this issue. That stuff is out there, we're constantly looking at it. The last thing we are going to do is call together a meeting of all the environmental organizations in San Francisco, we're going to try to pull a summit together so we can collectively bring the community activists and the environmental organizations together with the community residents to petition the CEC to relook at their California Environmental Quality Act (CEQA) and power plant permit approval because things change. New York is producing less greenhouse gasses than San Francisco. Toronto is producing less green house gasses than San Francisco, and we want a clean solution to close the Mirant Power plant. We think we can use your help if we're going to pull this meeting together and petition the CEC and move forward.

Commissioner Sklar noting that while it had been true prior to July 9 CAL ISO only had one plan in front of them, the action plan that had been developed seriously, by serious people some time ago. What was now true was that CAL ISO had in the July 9 and September 17th back-up material a clear, documented plan done scientifically, not done by us, that says the plants may not be necessary. All we're looking for is a serious consideration of that. He suspected that if you all want to get educated

on what those other two packets in here, the authors will be glad to give you a run down. Reading them as an engineer, in the powerhouse business one way or another since he was a child when his father built them, it was clear that the combination of the SFPUC, the demand response, and we're going to demand contractual commitments from PG&E so they do their part. He believed the residents of San Francisco would be equally willing to participate in conservation in order to make sure these plants don't get built.

Ms. Lynette Stetler, a research fellow, reported that her organization the Brightline Defense Project had yesterday filed for an injunction in federal court against the proposed combustion turbine power plants. She reported that they had done so on behalf of the residents and the community organizations that are similarly opposed to this project for a myriad of reasons. Yesterday's action highlights one of the many problems with this project. Not only does the CT plant itself sit inside the same low income mostly minority community, it is designed to help by possibly shutting down the Mirant Plant, but the City is pushing this through before the environmental protection agency has responded to the court to regulate green house gasses. The Environmental Protection Agency (EPA) has delegated to the air quality management district. Ground level green house gas emissions affect not only the neighbors of the proposed planning department, but the community as a whole. According to an article published yesterday, San Francisco is outpacing New York City in green house gasses per capita and projects like this one here do not help this. We plan now to turn to the CEC, petitioning them to reexamine their issuance of the permit for this project, as well as to begin subsequent environmental review under CEQA. What we're going to find is that with the Transbay cable and other proposals that have emerged since the SFPUC began pushing full steam with these combustion turbines, we can find a way to shut down Mirant without a new power plant.

Ms. Dedria Smith, a resident of the Bayview community, asking you to continue research other healthy and safety choices for the people. First, consider the people's health. Second, location that's safe for everyone and, third, be sure, be sure the community is staying informed about this every step of the way, get the community involved and ask the APRI for help to make sure community is informed, if that is needed. Thank you.

Mr. Philip De Andrade, Chair, Power Plant Task Force appointed by the Board of Supervisors to review this matter and to present recommendations. He was not there to support the creation of peakers in southeast San Francisco. I come before you to close the Potrero power plant because that, after all, is the only thing that we're looking forward to here, as well maintaining the reliability of power for San Francisco decades into the future. As of now, and he had studied with the Power Plant Task Force this issue for 6 years, what stands in front of us is the requirement of CAL ISO that 200 megawatts of generation be provided to guarantee the reliability of the electrical system north of San Mateo, and until unless CAL ISO lifts that requirement, they contend that they will not remove the Reliability-Must-Run (RMR) from the Potrero Power Plant and the Potrero power plant remains the dirtiest, continuous polluter of Southeast San Francisco, pushing PM10's, nitrous oxide, sulfur dioxide and co2 into the community as it has been for the last 4 years while this peaker project has been delayed. I don't want fossil fuel generation in San Francisco, but he needed to know that CAL ISO would remove the requirement of the RMR or we guarantee these noxious chemicals will remain in our community for the foreseeable future. He begged the Commission consider the need for clean air in San Francisco.

Commissioner Sklar responded to Mr. DeAndrade's comments by noting that he was in total synch and commended the work done over the last 10 years as amazing. Unfortunately, this new plan came forward, available in great detail here, which he was sure could be read and absorbed, and it appeared now that the common objective might be met, without resort to the peakers. All he asked was that the fullest technical, non-political examination of that be done so everyone can consider these other alternatives, which would get a win-win.

Mr. DeAndrade responded by noting that he completely agreed that that if it was possible he would support it, but that he did not know how this September 17th plan differed from PG&E's presentation to CAL ISO earlier. If it significantly differs from that, he feared this was the detailed and implementation plans that CAL ISO's Mr. Perez said was not within the original summary report. This was not new, it just said what we said we would do, here is how it will be done, here's how much it will cost, here is who will do it, and here is the implementation and documentation plan. So it's Plan B. There is no C, D or E, I have no problem with CAL ISO reviewing any plan and finding that we don't need the peakers. This would be in all of our interest, but I don't see it and the Potrero plant continues to destroy our community with noxious fumes.

Commissioner Sklar then suggested taking a look at the 9th and 17th of September reports that are done in above lay, but well below most sophisticated terms, and see if they do not persuade that this is something worth fighting for.

This concludes public comment on this item.

Commissioner Hochschild noted that this was his second commission meeting and that as his wife was a doctor at San Francisco General Hospital who treats patients from Hunter's Point for asthma, so this is not an issue he was unfamiliar with. The Commissioner especially wanted to thank the people from that community who came out today because clearly you love your neighborhood, you love your city and recognize this is not just a choice about energy, it's a choice about our future and which future we want to pursue. Let me share with you, I was unfamiliar with the details of this issue up until a few weeks ago. I spent a lot of time the last week trying to get up to speed and have spoken to a number of people I know in the energy

community about this issue including the Chair of the CAL ISO Commission and the Chair of the California Energy Board. The threshold for me is very clear about what I would need in order to even consider supporting a project like this, and I would need -- because I'm not absolutist about it, but I need to know that every other possible option has been explored and is possible, clean options, before I would consider supporting something like this. I have become persuaded that that's not the case, we are not there, and in fact there is a better way. For me there are basically 5 issues and in order of priority, these are the reasons why I think this would be a bad choice for the city of San Francisco. The first is that we have the new Transbay cable in place and my understanding is that -- correct me if I'm wrong, Commissioner Sklar, but last week the final permit hurdle was concluded for that project so that is a done deal, the last appeal before the Bay Conservation and Development Commission (BCDC) on the 17th, it is one reason we were asked to hold this discussion after that hurdle had been cleared. I have reviewed the PG&E's efficiency plan, which, along with DMAPBLD response and other things, supplies 59 megawatts. We have to meet this 40-megawatt gap to be able to close Mirant and that does not include solar, by the way. The third is what the potential is, I believe, for solar. We are on track this year in California to install 131 megawatts of solar power. That's customer-owned solar power. That is more solar power than the last 25 years combined. That's the direction the state is going. Very positive and there's every reason from my perspective to believe that's not just going to continue. The rate is also going to increase. That was a huge factor for him. Remember, solar, while it is not continuously operating, the alignment with peak energy demand is very good, so that is favorable for us. Third is the opportunity cost which for him was huge because we have the potential if we get the attorney general, who is now new and he thought very favorably inclined to environmental issues to try to re-adjudicate the agreement the City has with the state to get the ability to sell these peakers at market value. I have been told that's potentially \$60 million, which in his judgment would be best spent, on energy efficiency and renewable energy in San Francisco. Finally, this lawsuit that was filed yesterday. So all those issues were combined and he was left with the conclusion that there was a better way and he really wanted to see San Francisco be the greenest city in the country. He did not think that was a compatible goal with installing new -- even though it's cleaner -- new peaker power plants. He thought that would be a decision that would put the City on the wrong side of history. So that was Commissioner Hochschild's feeling about it.

Commissioner Normandy observed that he would not reiterate what Commissioner Sklar has already said but the point we are at now is essentially Mr. DeAndrade's position, first let's get rid of the plant at Potrero. CAL ISO telling us we have to get started on looking at the alternatives dictates us. So that's where we are. Commissioner Normandy observed that he would not hesitate at all to say that this Commission, to a person, is not going to do anything that would consciously hurt either the health or the well being of any citizen of San Francisco and certainly the drive to look at the options is very much where we are.

Commissioner Sklar asked to take a point of privilege to report that President Brooks and he had been in constant contact on this day by day over the last 4 weeks. Commission Sklar noted that he thought it safe to say that the position the President of the Commission takes was consistent with the one the four of us have taken and that is Potrero Mirant be closed if we can do it under this new plan and if we can persuade CAL ISO to do it without the peakers we are all for it, but if it all falls apart and we have to use the peakers, we will do it. Furthermore, the Commission continues to work very closely with the General Manager; noting that she had been authorized to proceed to start negotiations and to look at these various options. He further observed that this does not in any way mean that the Commission has abdicated its responsibility to continue to look at the various alternatives, but that the Commissioners simply want to do what is necessary for us to meet objective 1, which is get rid of the Mirant plant. Objective 2, we are only at the starting point now.

Ms. Leal thanked Vice President Caen and members of the Commission noting that she had just a couple comments. First, that she wanted to tell the staff that it's been working tirelessly on the direction that has come from the city family, from the Mayor, from the City Attorney, the President of the Board of Supervisors and from the Supervisor in District 10 to try to get a plan forward, the action plan that had been signed by the City a few years ago, was signed again, a letter then signed again by the Mayor and these other members of the elected family and in pursuit of that, I just want to say to the staff, I'm very proud of them, all the hard work and long hours they have put in, in trying to put this package together as you know, Commissioners, it will come back to you for a vote on the contract, maybe by that time it will be unnecessary because CAL ISO has found something else they can do, but I want to tell the staff how proud I am of them of working so hard on this issue -- especially in the face of a lot of very negative comments. Ms. Leal just wanted to tell staff how great they were.

Commissioner Sklar concurred with Ms. Leal's remarks, noting that staff deserved ultimate credit for attempting to carry out a mission they were given. What has happened now is there is the possibility of a new, better path and all we ask is that staff dedicated itself to the old, they take a look to the new and ask the highest city officials, public officials, work with CAL ISO, that they keep an open mind. Constancy, as someone said, is the hobgoblin of the small mind. Well, the world changes. The buggy whip people are gone and the smart ones are making car horns. If we come upon a solution that appears to have some weight, he urged staff to look at it seriously and get behind CAL ISO and certainly not denigrate it. It seems the universal wish of this Commission, not inconsistent with our major objective, to close Potrero Mirant. A resolution was closed back on July 24, Commissioner Sklar noted that unfortunately he was away, first meeting he had missed in 13 months, and it did not act like our normal resolution. It gave authority to negotiate along a set of lines and to execute and he would, if there was a need to, and he did not believe there was, move to excise the words and execute until it came back before us. But Ms. Leal, according to the Mayor's Office, has promised them and now promised us, that this contract will come back and we will examine it for

acceptance, rejection, whatever we will do, and there will be no execution until we have had that process. If that's the case, since we will take her word for it totally, there is no need to do a revised Resolution at this point.

Ms. Leal responded by informing Commissioner Sklar and members of the Commission, she had given that word to the Mayor two weeks ago that was conveyed, I believe, to many of you. It would be coming back anyway because there are material changes. Ms. Leal observed that there have been several contracts that have come to you over the past three years where the Commission had authorized the term sheet and asked her to negotiate a contract per those business arrangements. She noted had done that and those contracts had been executed and then taken forward to the Board of Supervisors and the Mayor for approval.

Commissioner Sklar noted that President Brooks asked him to ask the General Manager when that was likely to happen? Was it likely to occur before the next meeting that there would be something to show to the Commissioners, or the one after? Ms. Leal responded that she did not know, observing that the PUC would have to see if there is quick action by CAL ISO. We do have our business deal in place. We will not be presenting it to you, Commissioners, until we have a full contract.

Commissioner Sklar noted that he thought it the Commission's preference would be that to try to address this issue at a meeting when all commissioners were here, even if we have to schedule an off date to have all five at the table. Commissioner Sklar thanked Ms. Leal for her promise to the Mayor noting he thought it's an appropriate way for all of us to work.

Commissioner Normandy remarked about what he had heard in the public comment and while he had no wish to debate, he would ask because many people in this room are opinion leaders, let's disabuse ourselves of the notion that any of these plans are staff driven. Staff is doing a wonderful, commendable job because they have to do it in order for the Commission to respond to CAL-ISO's requirements. Please he asked, it just muddies the waters to accuse staff of driving a philosophy that's contrary to what yours might be.

Commissioner Normandy then asked the representative of the group that filed the lawsuit could come forward, would you mind explaining what the basis of that lawsuit is so he could understand it? Ms. Lynette Stetler for the Brightline Defense Fund responded that while the lead attorney was not able to be present she could broadly outline the basis for their lawsuit and that the main attorney on the case, Joshua Ares, would be happy to give any of the Commissioners a call to explain in greater detail. Ms. Stetler then reported the basis of this lawsuit as resulting from the situation where the United States Environmental Protection Agency had said in the past because of the contentious issue of greenhouse gasses that they did not have authority to regulate greenhouse gasses therefore they would not regulate them. In a recent decision in *Massachusetts v. the Environmental Protection Agency* the United States Supreme Court disagreed with this analysis and asked the Environmental Protection Agency to go back and come up with a better reason why they would not regulate greenhouse gasses and if they could not come up with a better reason, that they needed to regulate them under the Clean Air Act and if they didn't decide that they needed to regulate them, then they needed to promulgate regulations for them under the federal Clean Air Act. The current situation then was one of waiting for the EPA to decide whether or not they are going to regulate green house gasses and to promulgate regulations that subsequently the Bay Area Air Quality Management District would have to abide by as the agency within the Bay Area that has to follow the Clean Air Act.

Commissioner Sklar then raised three points as personal opinion as the contract negotiation goes forward that the negotiators can take into account, discuss or not discuss, and we'll see what happens when it comes back. First, recently because there seemed to be some economic shortfall and there wasn't a customer for the last 6 years of the project, it was suggested that J. Power get the use of tax free municipal bonds to fund this project. Tax-free municipal bonds are a subsidy and decreasing costs. I would not go for a contract that had public finance in it. That is not what we talked about here. Secondly, he wanted to see if we could insulate a danger that maybe is only in the back of my head. These units are permitted at the present time by CAL Energy to run 3,000 hours a year. That is half a day every day. Now, we all know that the emergency needs that CAL ISO may call for are far less than that. So I would like a piece of the contract that says these units would only come into power and be used when CAL ISO calls for them for emergency purposes and not just become one more market tool for direct access to the Rockefeller Center, for example, and the people in hunter's point be supplying power to air condition people in District 3. These units can provide back-up for renewable power shortages. I think it imperative that they not be done for that purpose. If we do that, we are maybe covering our rear ends on our inability to deliver some of the renewables we talked about. I far would prefer to see the contract say this is for emergency use under CAL ISO call only, not available just as a commodity to sell the SFPUC when we have made promises on renewables we cannot keep, he suggested we build bigger on renewables so we don't have that problem. With those 3 caveats, those will be things Commissioner Sklar indicated that he was looking for when it comes back before us. I'm not speaking for the Commission now, this is just for me.

Commissioner Normandy concurred with Commissioner Sklar's comments and asked (without objection) that for the record these comments be entered into the record as direction to the General Manager and the negotiating staff just to make sure that these issues are addressed in the document that finally will come back before the Commission for its review and approval.

8. Water System Improvement Program (12:30PM to 2:30PM) Workshop One: Risk Assessment, Program Organization and Contracting Strategy

I. This is the first of three consecutive workshops to brief the Commission on a number of ongoing WSIP programmatic initiatives. The objective of the first workshop is to: (1) Share the key findings and recommendations of the WSIP Risk Assessment conducted by Parsons and CH2MHill. (2) Present the organizational structure and contracting strategy recommended by the WSIP Senior Management Team.

Tony Irons, Deputy General Manager began the presentation by observing that staff at the SFPUC had been working diligently, as well as consultants who work for the San Francisco Public Utilities Commission (SFPUC), in developing for the Commission's review a kind of a look into the future about those things that may impact the ability of the SFPUC to deliver the Water System Improvement Program (WSIP) within the confines of its obligations. Mr. Irons reported that during that process, as was mentioned at the last Commission meeting, the SFPUC had voluntarily decided to have a risk assessment done of the entire Program to look out in the future and see what speed bumps may be out there so that we can best direct our path and our velocity to make it most likely that we can deliver a successful program. In this context, Mr. Irons really wanted to stress that what staff and consultants were engaged in here, was a \$4.3 billion dollar program managed by the City of San Francisco. Mr. Irons noted this was a condition, which he thought were you to ask either of the consultants that are here today, was an extremely unusual condition. Consultants that work for the SFPUC work in an advisory capacity under an agreement that was signed not only by Mayor Newsom, but also by the previous Mayor. Mr. Irons said staff had done a remarkable job at getting this program to be brought along to the point of being in full-fledged design on major \$200 million dollar projects and given this that he wanted to be sure everyone understood, there are dangers ahead. There is no question of that. There are a lot of unknowns. There are a lot of things even that we know now that we did not know two years ago that could pose for us significant dangers. What the risk assessment attempts to do is to say, okay, here are all the questions, here are the risks that you have, here are the things you might encounter and then pose questions as to what is the appropriate thing to do about them. How do you mitigate those risks, remain on schedule, on budget, and with a scope of work that's consistent with the level of service goals that this Commission adopted in November 2005.

Mr. Irons then observed that was it to come about that the scope of work on these projects may need to change to stay on budget, a possibility, which would be a decision the Commission would make. Mr. Irons remarked were it to be that additional monies were needed because the Commission did not want to change scope that also would be a decision the Commission would make. Additionally, Mr. Irons pointed out were it to be that we changed the schedule so that there is either a less steep hill to climb at some specific point in the future, with additional escalation costs associated with stretching that out that would also be a decision that the Commission could choose to make as a policy matter on this Program. Mr. Irons noted that the staff, working closely with the consultants, has prepared a presentation of what this risk assessment shows and called attention to the three categories that he believed most pertinent, noting each one was addressed as a potential risk to the program. These categories were reported as the construction management organization, which is an internal organization matter. Mr. Irons suspected that the Commission may have opinions about that, but it would not want to order staff how to organize their own people. Next category would be the organization of CM contracts, which Mr. Irons also would expect the Commission might weigh in on as a matter of policy about how contracts might be awarded, and the risk assessment itself and what it says about it. Mr. Irons reported that he believed that probably the most prudent way to go forward with that is bearing in mind that the people who put together the risk assessment have a combined expertise of 150 years in this business, in the direction we want to go, the mitigation measures. These were presented as the context I'm going to be listening in. I don't know what those numbers are. Down at the bottom of each one, what is the surety that will happen? The worst case it's got to be 100 percent sure because you are predicting imminent disaster, nothing you can do about it. The best case is the guess of what the likelihood of them are, and the most likely case is one where you have a risk assessment attached to it, a level of confidence, I guess. What you've got to do is exactly right. That's how I'm going to think about this as we reach conclusions. I, for one, will not be afraid to stand with the staff and the commission and the conclusions you reach that there are scheduling cost changes that make sense. That is life in this business. We've done well so far, so good on this and here in the back of my head, that's what Mr. Irons thought about all of this.

Before he turned the presentation over to WSIP Manager Julie Labonte, the Commissioners were again reminded that Program parameters as adopted in 2005, were for \$4.3 billion program to be concluded in July 15 with interrelated projects is still the Program before them and that those parameters would not change until the Commission acted to change it. It was pointed out that the report that submitted to the Commissioners every month never changes. The original budget never changes. The current budget might reflect changes we make afterwards that would occur with the current forecast after it is complete. If a current forecast says something else, then we can change the next column that says current budget, but until that occurs, the budget is the one adopted which will sit there for all time, and when the Commission might choose to act in some way to adopt a different or a modification to the program, whether schedule, cost, or scope of work, that action would then be required to go through a 30-day public hearing and notification to the state of California pursuant to the requirements under AB 1823.

Ms. Julie Labonte then began the workshop presentation, recalling that at the last meeting staff had been asked to provide a briefing on a number of topics using this workshop format. She noted that the Commission had specifically expressed interest in hearing about the findings and recommendation of the risk assessment and the contracting strategy and organization that staff intend to use to move forward into the construction phase of the program. She noted in response to these requests, staff organized a number of workshops. Calling attention to her handouts, Ms. Labonte (copies attached) reported that she would be conducting three different workshops at the September and October Commission meetings and was looking forward to

receiving Commission input and feedback during these workshops. Ms. Labonte reported that today's workshop would focus on the findings and recommendation of the risk assessment and the program organization and contracting strategy. In our second workshop, I will present you with an action plan that will address the recommendations in the risk assessment. Then in the third workshop, she would share with the Commissioners the recommendations and findings of on-going schedule and budget realignment activities and the decision that the Commissioner would be asked to consider at that third workshop would allow staff to finalize a package of proposed changes to the Program. Ms. Labonte noted that as Mr. Irons mentioned, AB 1823 requires that we issue a 30 day notice, which we will do, to allow members of the public as well as our wholesale customers to comment on these changes, and then finally we will complete the overall process by following up with an official public hearing for commission adoption of any changes on scope, schedule and/or budget changes to the WSIP. So before I turn it over, wanted to recap the objectives of today's workshop. We will share with you the findings and recommendation of the risk assessment prepared by Parsons and CH2MHILL and again wanted to emphasize the fact she would address how we will respond to all these recommendations in workshop No. 2. This she noted was a brief overview. If there were any specific follow-up action that you want us to pursue between now and the second workshop, and that staff would be happy to do that. At this time Ms. Labonte turned the presentation over to Mr. Dave Ludwin. She noted, as Mr. Irons had reported previously, Mr. Ludwin was the lead investigator on the risk assessment. Ms. Labonte noted that Mr. Ludwin had assumed program management responsibility for very large programs over his career, so he was very familiar with the challenges and risks associated with a program like ours.

Commissioner Sklar commented that he wanted to commend Ms. Labonte on the schedule you have put together. It's an ambitious one, but it's one that I hope all Commission and staff will stick to because speed is really the essence now. In all of these discussions, we have to start looking at when we exactly start getting into the ground and that should be the mantra, as it were, for all of these workshops at this point.

Mr. Ludwin then, after describing his decades of professional experience with a Program exactly like the WSIP, began to proceed through carefully describing and discussing the points laid out in each of his slide presentations (copies attached). Ms. Labonte then concluded the workshop presentation with a brief recap of the issues addressed in her presentation.

Public Comment:

Mr. Art Jensen, General Manager of Bay Area Water Supply and Conservation Agency (BAWSCA), applauded the extensive detail and careful presentation of the information made available in the workshop presentation asking that the workshop presentations also be made to the BAWSCA Board at its next meeting in November. Mr. Jensen applauded the careful and prudent planning that staff had undertaken to keep the program on track and reported that he would submit detailed written comments. Mr. Jensen emphasized the importance of remaining focused on the Programs purpose to insure reliability of the entire system and safeguard the health of the system's users. Mr. Jensen reminded the Commissioners that the obligations of AB 1823 were tied to the initial establishment of the Program and that thereafter the decision was theirs to make, suggesting that they either act now or wait to consider needed changes when conditions were ripe. Mr. Jensen then discussed several areas of potential concern voicing the view that it was important to complete the PEIR, address the Tuolumne controversy, and avoid piecemeal environmental controversies that could invite project delaying lawsuits.

Commission Discussion:

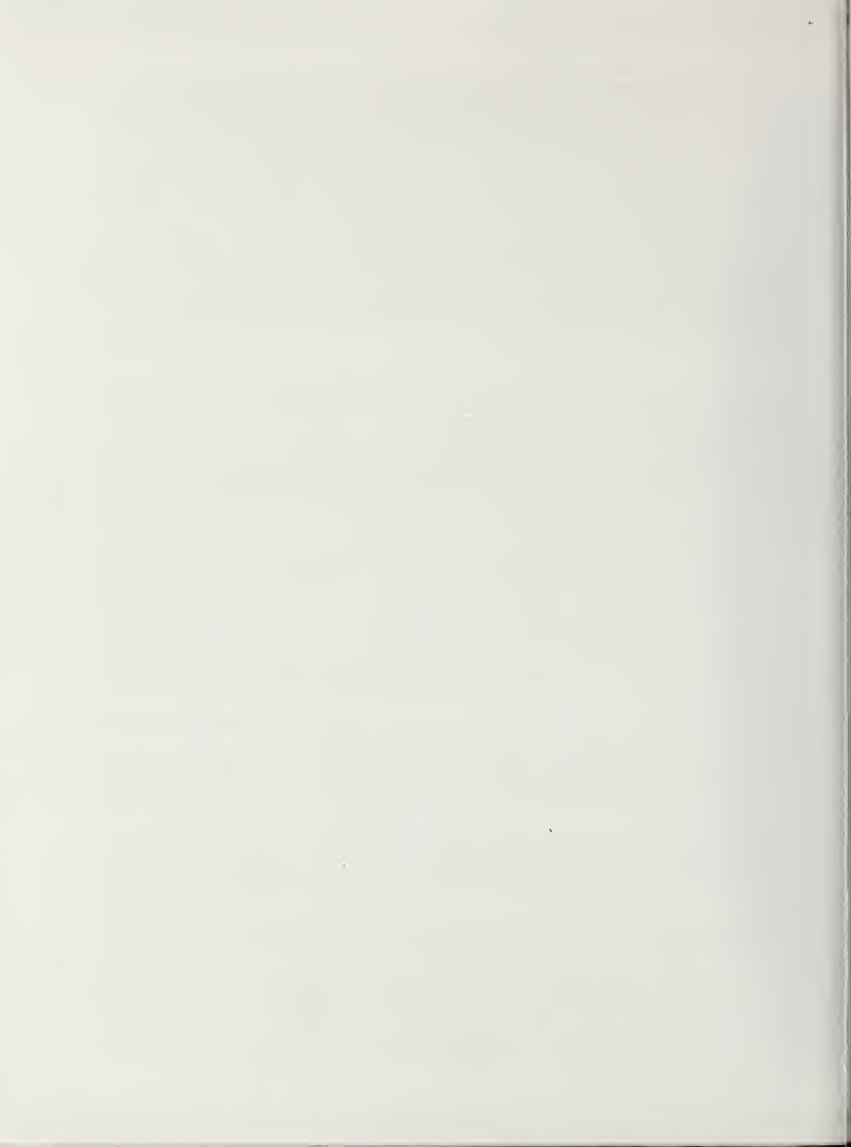
Commissioner Normandy strongly emphasized the importance of sticking closely to the schedule noting that speed in moving forward was essential to the continued success of the Program. The Commissioner noted that the issues raised in the presentation were generic to large-scale projects of this nature and not particular to the SFPUC's programs. Mr. Ludwin agreed and outlined the specific processes, such as the Monte Carlo model of statistical review, used and discussed recommendations to address the areas of risk identified.

Commissioner Sklar asked about value engineering and was informed that there were ongoing third party evaluations built into the program processes. In addition Mr. Ludwin then discussed identified trends and the sufficiency of contingency reserves given the recommendation for the creation of a Program Contingency reserve, emphasizing to Commissioner Sklar that it was yet very early in the Program and that at this point nothing dramatic was in evidence.

Commissioner Hochschild then asked concerning the costs of materials within the overall Program Budget, and was informed that these costs were roughly forty to fifty percent of the total and that steel for example was less of an issue at the moment than it had been but could become a factor again given potential changes in world economic factors. Then areas of specific concern were discussed; the ongoing Project Environment Impact Review; (PEIR), issues related to use of water from the Tuolumne River, Individual project's environmental documents; improving City contracting procedures to facilitate bidding. Commissioner Hochschild asked and was informed concerning the steps taken to coordinate and sequence WSIP Program projects to facilitate contractor participation and minimize conflict/competition with a number of other large construction programs currently in the pipeline for California. In response to questions regarding specific examples of contracting processes, Deputy City Attorney Noreen Ambrose cautioned that discussion be kept focused on policy rather than specifics.

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTO_ID/369/C_ID/3661

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SAN FRANCISCO Public Utilities Commission

9/25/07 Minutes of the San Francisco Public Utilities Commission (part 2 of 2)

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9. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report. a) BAWSCA Update Report

Mr. Art Jensen expressed his regret at the death of the project worker. Mr. Jensen then again called attention to the need to proceed with the PEIR, and retain focus on the critical issue of seismic safety and system reliability. Mr. Jensen then called attention to the underlying critical issue of the availability of sufficient water to meet California's needs in the next thirty years.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt items a through c listed under the Consent Calendar; passed (4-0) unanimously.

a) Resolution No. 07-0164: Approve the plans and specifications and award Water System Improvement Program funded Contract No. WD-2553, Standby Power Facilities, East Bay, in the amount of \$233,917.00 to the lowest, qualified, responsible and responsive bidder, John D. Baker Construction.

b) Resolution No. 07-0165: Accept work performed for Water Enterprise, Water Main Replace/Retrofit Program-funded Contract No. WD-2404, 23rd Street 8-Inch Ductile Iron Pipe Main Installation, by Synergy Project Management. Approve Modification No. 1 increasing the contract by \$20,000, Modification No. 2 increasing the contract by \$16,708.01 and Modification No. 3 (final) increasing the contract by \$11,387.04 for a total contract amount of \$1,447,195.05 and authorize final payment, in the amount of \$41,596.68, to the contractor.

c) Resolution No. 07-0166: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute and renew Joint Funding Agreements (JFA) with the U.S. Geological Survey (USGS) in a cooperative program to construct, operate and maintain gauging stations on the Alameda and Peninsula Watersheds in an amount not exceed \$300,000 annually, subject to funding availability.

REGULAR BUSINESS

11. Discussion and possible action related to authorize the General Manager for an extension of an existing Memorandum of Understanding (MOU) with the County of San Mateo (CSM) for trail development and conveyance of trail easements.

In response to questions by Commissioner Hochschild, the work proposed in this item and overall status of the trail project were described and the remaining steps necessary for its completion were explained.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 07-0167: Authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute on behalf of the City and County of San Francisco an extension of an existing Memorandum of Understanding (MOU) with the County of San Mateo (CSM) for trail development and conveyance of trail easements for duration of three years. This will allow the CSM to complete construction of the remaining trail segments on the Peninsula Watershed.

12. Discussion and possible action related to authorizing the General Manager of San Francisco Public Utilities Commission (SFPUC) to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with San Francisco Recreation and Park Commission (Rec. & Park) which will allow the SFPUC the right to enter that certain property located in Mt. Davidson Park and to perform all such other actions at the Property as are reasonably necessary for the SFPUC to access, operate, repair, replace and maintain the tank, the new pipelines, the temporary mobile pump station, and the related appurtenances.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 07-0168:

Authorize the General Manager of San Francisco Public Utilities Commission (SFPUC) to execute, on behalf of the City and County of San Francisco, a Memorandum of Understanding with San Francisco Recreation and Park Commission (Rec & Park) which will allow the SFPUC the right to enter that certain property located in Mt. Davidson Park to retrofit the Mt. Davidson water tank, construct new inlet pipe, new outlet pipe, temporary mobile pump station, and related appurtenances in accordance with the Plans (as defined below) and the provisions of this MOU, and to perform all such other actions at the Property as are reasonably necessary for the SFPUC to access, operate, repair, replace and maintain the tank, the new pipelines, the temporary mobile pump station, and the related appurtenances

REAL PROPERTY TRANSACTIONS

13. Discussion and possible action related to authorizing the General Manager of the San Francisco Public Utilities Commission to execute on behalf of the City and County of San Francisco, a Lease for the installation of mobile/wireless antennas and related equipment.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 07-0169:

Authorize the General Manager of the San Francisco Public Utilities Commission to execute on behalf of the City and County of San Francisco, a Lease with California RSA No.3 Limited Partnership, dba Golden Gate Cellular, a California Partnership, for approximately fifty (50) square feet of space for the installation of mobile/wireless antennas and related equipment used for the transmission and reception of radio communication signals on San Francisco Public Utilities Commission land located at Moccasin atop the surge tank, Hetch Hetchy Parcel 271-272 (APN: 057220200 & 0651403800) in Tuolumne County, California.

PROFESSIONAL SERVICE CONTRACTS

Award

14. Discussion and possible action related to approval of Amendment No. 3 to Professional Services Agreement No. CS-683 and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the contract amount and extending the term of the contract.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 07-0170:

Approve Amendment No. 3 to Professional Services Agreement No. CS-683, Real Estate/Land Use Negotiation Services, with Wendel, Rosen, Black & Dean LLP to assist SFPUC staff with complex real estate and land use issues and negotiations and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the contract amount by an additional \$50,000 from \$900,000 to \$950,000, and extending the term of the contract to December 31,

15. Discussion and possible action related to award Agreement No. CS-891, Security Consulting and Design Services for the Homeland Security division/

In response to Commissioner's questions Deputy Chief Greg Suhr outlined the proposed contract and recommended its approval.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 07-0171:

Approve the selection of Catalyst Consulting Group, Inc. and award Agreement No. CS-891, Security Consulting and Design Services, to provide complete technical security systems implementation, design, integration support, and construction management services for the SFPUC's Homeland Security division; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with Catalyst Consulting Group, Inc. for an amount not to exceed \$4,000,000.00 and with a duration of five years.

Amend

16. Discussion and possible action related to approval of Amendment No. 1 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-732, respond to public comments, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement.

Mr. Irons explained that significant changes in what was needed to accomplish the contract's goal had resulted in the need to

make these changes

Moved by Commissioner Hochschild, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 07-0172:

Approve Amendment No. 1 to Water Enterprise Water System Improvement Program-funded Agreement No. CS-732, Calaveras Dam Replacement Project – Environmental Analysis Services, with EDAW Inc. and Turnstone Consulting Corp. Joint Venture to provide environmental analysis and alternatives analysis, prepare documents and permit applications, and respond to public comments. Authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$2,960,000, for a total agreement amount of \$6,460,000.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session: There were no public comments.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:20 P.M.

Present were Vice President Caen, Commissioners Hochschild, and Normandy as well as General Manager Susan Leal, Deputy General Manager Tony Irons, Deputy City Attorney Noreen Ambrose, Deputy Chief Greg Suhr and Commission Secretary Michael Housh.

Commissioner Sklar left the meeting during the Closed Session.

19. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

20. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Sandoval)

Existing Litigation: State Farm Insurance as subrogee for Laurence Tam v. the City & County of San Francisco, City Attorney File No. 07-08-00366 (07-W-6073-4), Filed August 14, 2007.

21. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Long)

Existing Litigation: Hongqi Wang/Fashion Express v. the City and County of San Francisco City Attorney File No. 07-027225 (07-W- 0063-1), Filed April 18, 2007.

Following the Closed Session, the Commission reconvened in Open Session at 3:40 P.M.

22. Announcement following Closed Session. Vice President Caen announced that Item 19 had been discussed and that Items 20 and 21 had been approved.

23. Motion regarding whether to disclose the discussions during Closed Session. Moved by Commissioner Normandy, seconded by Commissioner Hochschild, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:41 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3662

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, October 9, 2007
12:00 Noon.

NOTE DIFFERENT START TIME

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

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DEPARTMENTS AND ENTERPRISES

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Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the September 25, 2007 Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications
6. Other Commission Business

7. **Water System Improvement Program
(12:00 Noon until 1:00 P.M.)
Workshop Two: Risk Mitigation**

This is the second of three consecutive workshops to brief the Commission on a number of ongoing WSIP programmatic initiatives. The objective of the second workshop is to review the mitigation measures to address the Risk Assessment findings and recommendations. *(Labonte)*

8. Discussion and possible action related to SFPUC Resolution No 07-0137, discussion of the proposed San Francisco Electric reliability Project (the Combustion Turbines (CTs)), discussion of the environmental reviews of this project, and an update on the JPower contract. *(Sklar)*
9. Report of the General Manager
 - a) Tom Franza Retirement Plaque *(Leal)*
 - b) Climate All Star Award *(Leal)*
 - c) OCIP Report *(Kelly)*

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Authorize the General Manager of the San Francisco Public Utilities Commission to request permission from the Board of Supervisors to accept and expend grant funds totaling \$200,000 from the CALFED Water Use Efficiency Program, as administered by the United States Bureau of Reclamation (USBR); and to execute all required agreements.
- b) Staff Recommendation: Approve Modification No. 2 Water Enterprise Water System Improvement Program-funded Contract No. WD-2489 (University Mound Fence Replacement), with D'Arcy & Harty Construction, Inc., increasing the contract time by 33 consecutive calendar days, for total contract duration of 243 days.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

REGULAR BUSINESS

11. Discussion and possible action related to approve Amendment No. 1 to Resolution Nos. 04-0148 and 04-0197 and authorize the General Manager of the SFPUC to execute this amendment. (Hale)

- Staff Recommendation: Approve Amendment No. 1 to Resolution Nos. 04-0148 and 04-0197 that approved the City and County of San Francisco ("the City"), through its San Francisco Public Utilities Commission (SFPUC), to enter into Scheduling Coordinator Services ("SCS") and Full Load Service ("FLS") contracts with the United States of America, through the Department of Energy Western Area Power Administration (WAPA or Western) for Treasure Island and Yerba Buena Island

(TI/YBI), and authorize the General Manager of the SFPUC to execute this amendment extending the term of the FLS contract by 5 years, from the original termination date of September 30, 2010, to September 30, 2015 and increasing the FLS contract with WAPA by \$2,120,000, for a total agreement amount of \$4,240,000.

12. Discussion and possible action related to approve, and Recommend to the Board of Supervisors for approval, a Term Sheet for a Long Term Power Sales Agreement ("LTPSA") with Modesto Irrigation District ("MID") and authorize the General Manager to implement the Term Sheet, and executing the same. *(Hale)*

Staff Recommendation: Approve, and Recommend to the Board of Supervisors for approval, a Term Sheet for a Long Term Power Sales Agreement ("LTPSA") with Modesto Irrigation District ("MID") and, upon approval by the Board of Supervisors, authorize the General Manager to implement the Term Sheet by incorporating the terms thereof into a LTPSA and executing the same.

PROFESSIONAL SERVICE CONTRACTS

Award

13. Discussion and possible action related to approve the selection of MWH/AGS, Inc./Lee Incorporated Joint Venture, URS Corporation, Kennedy/Jenks Consultants, and Camp Dresser & McKee Inc.; award Water System Improvement Program-funded Agreement No. CS-879 and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement. *(Kelly)*

Staff Recommendation: Approve the selection of MWH/AGS, Inc./Lee Incorporated Joint Venture, URS Corporation, Kennedy/Jenks Consultants, and Camp Dresser & McKee Inc.; award Water System Improvement Program-funded Agreement No. CS-879, Engineering Project Design Services, to provide engineering design services for WSIP Projects; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with MWH/AGS, Inc./Lee Incorporated Joint Venture, URS Corporation, Kennedy/Jenks Consultants, and Camp Dresser & McKee Inc. for an amount not to exceed \$9 million for each contract for a total of \$36 million, and with a duration of seven years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

Amend

14. Discussion and possible action related to approve Amendment No. 1 to Water System Improvement Program-funded Agreement No. CS-754, Environmental Analysis Services – Bay Division Pipeline Hydraulic Capacity Upgrade Project. *(Torrey)*

Staff Recommendation: Approve Amendment No. 1 to Water System Improvement Program-funded Agreement No. CS-754, Environmental Analysis Services – Bay Division Pipeline Hydraulic Capacity Upgrade Project, with Entrix Environmental Consultants and Ward & Associates, JV to provide environmental analysis and alternatives analysis, prepare documents and permit applications, respond to public comments; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$600,000, for a total agreement amount of \$3,100,000.

15. Discussion and possible action related to approve Amendment No. 1 to Agreement No. CS-852, Biofuel Conversion Services, with BioSolar Group, to continue providing technical support to the SFPUC Biofuel program and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment. *(Franza)*

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-852, Biofuel Conversion Services, with BioSolar Group, to continue providing technical support to the SFPUC Biofuel program established to collect and transfer waste cooking oil and grease for conversion to biodiesel for use in the SFPUC fleet, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$550,000, following approval by the civil service commission, for a total agreement amount of \$770,000, with no time extension, for a total agreement duration of three years.

16. Discussion and possible action related to approve the selection of three community outreach consultants under Agreement No. CS-889, Micro-LBE Community Outreach As-Needed Consultants and authorize the General Manager of the SFPUC to negotiate and execute up to three professional service agreements. *(Kelly)*

Staff Recommendation: Approve the selection of three community outreach consultants under Agreement No. CS-889, Micro-LBE Community Outreach As-Needed Consultants, that are also Micro-Local Business Enterprises (Micro-LBEs) as certified by the San Francisco Human Rights Commission (HRC): Consulting Link 2000, Inc.; Alfred Williams Consultancy,

LLC; and their public relations (PR); and authorize the General Manager of the SFPUC to negotiate and execute up to three professional service agreements among the three consultants, based on the selection process set forth in the Request for Qualifications (RFQ), to perform community outreach and related activities on SFPUC Labor Relations and Community Programs Group initiatives for water, wastewater or power system improvement programs, for a total amount not to exceed \$100,000 dollars total among one to three two-year agreements

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.
18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) *(Ambrose)*

Anticipated Litigation: As Defendant

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) *(Ambrose)*

Anticipated Litigation: As Defendant

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

22. Announcement following Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



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10/9/07 Minutes San Francisco Public Utilities Commission
(part 1 of 2)

Published: 10/24/2007 | Updated: 12/17/2007

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Tuesday, October 9, 2007
12:00 P.M. NOON
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks,
President
The Honorable Ann Moller Caen, Vice
President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Gavin Newsom
MAYOR

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 12:25 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, and Commissioner David Hochschild

Vice President Ann Moller Caen was excused.

3. Approval of Minutes

Moved by Commissioner Sklar, seconded by Commissioner Hochschild, to adopt the Minutes of the September 25, 2007, Regular Meeting; passed (3-0 Brooks, Sklar and Hochschild) unanimously.

5. Communications

Commissioner Sklar thanked Barbara Hale, Assistant General Manager of Power for her timely and very thorough memorandum on responding to the Commission's request that the SFPUC move forward in replacing existing lighting with energy saving bulbs. He thanked Ms. Hale noting the report was timely and complete and encouraging. Commissioner Sklar then thanked Ms. Hale for the work done and for her letters in September telling the Commissioners about this project and in answer to her question about lease facilities that he thought the Commissioners should leave that to Ms. Hale for an economic judgment as to what would be best.

6. Commission Business

President Brooks thanked the Commissioners for their work while he was traveling out of the country on business. He welcomed Commissioner David Hochschild to the first meeting where they served together and reported that he was excited about working him, noting Commissioner Hochschild's expertise would be a valuable addition to the Commission.

4. Public Comments

Ms. Espanola Jackson, Bayview Hunter's Point resident, reported that there was no discussion supporting Combustion Turbines coming into the community at the Commission's September 24th regular meeting but that she had then received a letter on the 26th from San Francisco Public Utilities Commission (SFPUC) staff reporting the proposed next steps in going forward with this project. She expressed dismay at the apparent contradictory messages her community was receiving.

At the request of Commissioner Sklar Item #8 was taken up next out of order.

8. Discussion and possible action related to SFPUC Resolution No 07-0137, discussion of the proposed San Francisco Electric reliability Project (the Combustion Turbines (CTs)), discussion of the environmental reviews of this project, and an update on the JPower contract.

President Brooks began this discussion by asking General Manager Susan Leal if she had additional information on this topic to report. Ms. Leal replied she had no comment other than to respond to questions from the Commissioners. Commissioner Sklar then asked Ms. Leal when the Commissioners might expect to receive information necessary to make this project happen in order to make a final decision on this matter?

President Brooks asked how much time the Commissioners could expect to have to review and consider the information to be presented to the? Ms. Leal responded that she expected that it would be available a few days prior to the Commission taking up the item for action. In response to President Brooks' question concerning how time sensitive this process might be, Ms. Leal reported the Department of Water Resources (DWR) was anxious to get the go-ahead to begin the project and noted potential loss of payments related to this project from the DWR. In response to a question by Commissioner Sklar, Ms. Leal confirmed that some of the proposed terms had changed and suggested perhaps that this issue could be addressed at a special meeting of the Commission if staff's negotiations matured sometime prior to the next regular meeting set for October 23rd. Commissioner Sklar indicated that he thought it the Commissioners' desire that this item wait to be brought to them until it was fully ready for discussion and action. Ms. Leal reiterated that this project was the result of documents signed by the Mayor, the President of the Board of Supervisors, the Supervisor for District 10, and the City Attorney responding to a mandate from the Cal-ISO as the most likely way that the Mirant Plant could closed most quickly.

Commissioner Sklar then set forth his position on this question stating emphatically that he did not believe given the changed circumstances regarding the likely availability of power sources that it was necessary for the SFPUC to continue with the Combustion Turbines (CT's) project and that there were alternative means available to address the California Independent System Operator (CAL-ISO) requirement to guarantee reliability of San Francisco's power supply. In response a question by Commissioner Hochschild, it was established that if needed a special meeting on this topic could be called and that a meeting room would be available.

Commissioner Normandy arrived at 12:35 P.M.

Commissioner Sklar requested a point of personal privilege to clarify his position regarding the Combustion Turbine (CT's) Project.

"Mr. President, before we leave this issue, I'd like to ask for a moment of personal privilege to make some comments."

Absolutely.

Mr. Irons told me some time ago, maybe a month ago, that a belief was rampant throughout this building that my opposition to using the CTs as a means of getting Mirant closed was that I was a captive, a sycophant or an agent of PGE. That is patently untrue. My opposition to the CTs as a sensible alternative has existed a long time before PGE got into this issue. I don't have a PR agent, lobbyist or external affairs department to refute this opinion so this is my chance to say that this is not the case. Number 1, PGE and I never have been allies before. When Governor Gray Davis enlisted me in 2001 to help out pro bono during the energy crisis, no one was stronger in their condemnation of PGE for their role in the 1996 law that put us in position for the energy crisis. I condemned them for their idiocy because they thought they were putting in a floor for energy prices and in fact created a ceiling. When the firms like Enron exploited the law's defects and PGE got into

trouble they went into bankruptcy and left the ratepayers holding the bag while they paid their executives huge bonuses. My comments on both their responsibility and inappropriate actions were legion. I fought Governor Davis and David Freeman on the long term energy contracts they signed that bailed out the utilities and put the high rates we now pay on the ratepayers. This spring when the Trans Bay Cable came before us for the first time, I supported it with no contact from any advocate or lobbyist, but because it made sense. PGE lined up some innocent people to oppose it for the wrong reasons. In this room I chastised the PGE representative for using these people and for their opposition. Our staff took a position that was closer to PGE, but I fought for the Transbay cable. However, I come from the Jesse Jackson School of politics. No permanent friends, no permanent enemies, only permanent interests. Now, lo and behold, PGE and I find ourselves on the same side of this issue for different reasons, these are the facts. Number 2, I can't control what people say about me. I have been subject to much name calling over the years. When people can't counter the message, they throw dirt on the messenger. In 1967 when I led Carl Stokes campaign to be the first black big city Mayor in America, I need not repeat the names I was called by white bigots. 1970, when I fought against our Vietnam War involvement I was called a Communist and traitor. Here in 1980 when spoke to my Jewish compatriots about my belief that Israel should help in allowing a viable Palestinian state to come into being and stop letting religious fanatics settle the West Bank, I was called a self-hating Jew. This latest insult, being PGE tool, does not even make my top ten list of insults hurled. I have the same attitude now at 72; I have had all my life. I care what people I care about and respect think and the rest be damned. I know why my opposition to the CTs exists. I know my family knows it. I know the Mayor and key staff know it. I believe my fellow Commissioners all know it. What other people believe is their own business. I have my own reasons for going this way, and PGE has their own agenda, which I consider perhaps silly. Anyone really going into the public power business and hoping to use this silly small generating project as an entry is like the kid that gets money from his dad, buys a Lear jet and tries to compete with United Airlines for travel business from SF to New York. Some people may be taking this course for political advantage or positioning. But my agenda is to see if we don't need the CTs and to find the most sensible economic and environmental way to accomplish this aim. By the way I do get something from PGE. Every month I get billed for my electricity and gas just like you do. My Commission will take such action as is its pleasure, but that's my stand and I don't intend to change it".

Public Comments:

Mr. Joshua Arce, Brightline Defense Project, informed the Commissioners of his group's filing of a lawsuit intended to block the peaker plants and discussed his concern that new pollution producing facilities were being proposed for an already seriously impacted low income community. Mr. Arce contended that even if the peakers were to be installed there was no guarantee that the Mirant Plant would be closed and called attention to a recent San Francisco Department of Public Health report recommending that Mirant agree to shut down before any authorization of the CT's goes forward.

Commissioner Hochschild asked Mr. Arce to recap what Mirant said to him concerning their plans. President Brooks asked Mr. Arce if he asked CAL-ISO about a change in their position mandating installation of the CT's. Commissioner Sklar asked about the Reliability Must Run (RMR).

Responding the Commissioners' questions, Mr. Arce noted that when Mirant was asked by his research fellow, Lynn Stetler if the peakers were built would they shut down the operating Mirant plant, and their Government Affairs Manager responded that they would operate until the plant was no longer needed for reliability, the same answer as before.

Commissioner Hochschild asked if they had asked the same thing of Cal-ISO noting that the real question was not to Mirant because they had no control over releasing the RMR as that had to be done by the Cal-ISO.

Mr. Arce agreed that the point Commissioner Hochschild was making was correct. He noted that the (RMR) was a Cal-ISO decision but without that Mirant could keep on running. Commissioner Sklar pointed out that it just gives an underlying payment and therefore it was a valid point when discussing this that the Commissioners hear from the City where they were in getting Mirant's agreement to close. The decision on closure he noted was their decision sadly, not ours. Mr. Arce then reported that his third and perhaps most important final question to Mirant was, who makes the determination to close if the existing plant was no longer needed for reliability and that their Mr. Little had answered that Cal-ISO, the Federal Energy Regulatory Commission and the California Public Utilities Commission. So on this question Mr. Arce noted here are three entities that Mirant was paying attention to. Mirant was then asked specifically was there any intent to shut down? Mr. Arce

reported that had no further response as of yesterday.

Ms. Espanola Jackson, Bayview Hunter's Point, commented that she had spoken to the California Independent System Operator (Cal-ISO) herself and that she had stated this fact more than several times right here in this room and that her question to ISO was that if the Transbay cable came into San Francisco, would there be a need for the CT's? She was told by, ISO, no! Their answer was no! She stated they had informed her that if the Transbay cable were put in we would not need the CT's. MS. Jackson then commented and what did she find here, as she had said before, that the staff, Supervisor Maxwell, and the Mayor were trying push the CT's down the community's throats. Ms. Jackson urged against a vote for the CT's stating her belief that all Cal-ISO was waiting for was to see what the Commissioners had to say. She supposed that they were taking instructions from the staff and asked that the Commissioners instruct the staff to do what the Commissioners wanted them to do. Ms. Jackson noted that there was no discussion of CT's at the September 24th meeting, but a letter outlining plans going forward on the combustion turbine project from the SFPUC went out on September 25th. Ms. Jackson remarked that while some people might say staff was doing as directed, that was not so. She believed that was a lie and in her view staff were doing whatever they wanted to do. They were pushing this crap that's why she got that letter like you already agreed have the CT's put in and that's not the fact. She proposed to provide a copy of the letter that she had received from the SFPUC on this question to the Commissioners and again emphasized she got it from SFPUC staff.

Commissioner Normandy inquired that before continuing it might be useful to ask Commission Hochschild, who he understood had been in direct contact with the President of the California Public Utilities Commission and also with a higher level of people at Cal-ISO, wondering if he had comments to enlighten this discussion at this point? Commission Hochschild replied that those he had spoken with actually told him that in their view the Transbay was not sufficient to shut down Mirant and that he found this very frustrating because that it made no sense that bringing in an additional being 400 megawatts would not change circumstance considerably. Commissioner Hochschild then asked Ms. Jackson whom she had spoken with at Cal-ISO who had told her the opposite.

Mr. Eddie Kittrell, a resident of Potrero Hill reported that he had been discussing this proposal with his neighbors and that there was no way that people want these CT's in their community and further more, more information about exactly what was planned was needed. Mr. Kittrell suggested that we learn from the past. He observed that many mistakes were made in the Bayview, but certainly they did not need any new fossil fuel burning things in their community suggesting the City try what the little boy on the T.V. says and deal with power from the sun, water and wind.

Mrs. Brenda Henry Kittrell, remarked that she also was a resident of Potrero Hill and observed that she had been dumb-founded as she had listened to what was planned and had gone down and investigated herself and asked why would we want to tear down a big toxic waste facility that was killing fish and so on and then build three more smaller ones right there on Illinois and Fifth Streets? It did not make sense and she said we could find a cleaner solution and that she would be for that because she was trying to continue to live in this city. She reported that two small childcare centers, a preschool and infant toddler care center were located right in front of the power plant and that these children were living and thriving and learning and growing every day. She reported that as two of these beautiful children were her grandchildren and she wanted to see her children live and thrive as well, noting we want to live in this City.

Mrs. Smith, a resident of Bayview Hunters Point, commented that she was there today just to say that she too had been knocking on doors and reported residents of the community were not aware of the CTs about to be placed there. She stated that in her view it should be people first and that clear communication was the best way to go. She reported that she was surprised to hear many, many people were not aware and that she planned to continue to knock on doors and inform the community about what was going on and asked the Commissioners to continue to have these meetings and be sure to let the community know because they were the ones effected, the ones that lived there.

Ms. Dedria Smith commented she had been asked by a woman on Connecticut Street what other things had been explored by the SFPUC and she had said she had attended a meeting and the Honorable Richard Sklar had said were possible alternatives and Ms. Leal had said we would take measures to see what was possible. She observed however at this meeting it seemed more like an update on progress on the original contract with this power company to build these things rather than exploring options that the people in the community are interested in. She did note that she had

encountered opposition and that there were people that did want them. She suggested these others in Potrero Hill had their own interests in this project coming in. She noted that she had asked at the last meeting two weeks ago if all options had been discussed and explored and received no response.

Mr. Delores Tutson, A. Philip Randolph Institute, commented that she was doing outreach for Philip Randolph Institute and that she had been knocking on doors and found out that most people were confused because all they wanted to know was why did the Commission remove pollutants and then propose to put more pollutants back

Ms. Lynne Brown, CARE, Bayview Hunters Point, commented that she had been dealing with this issue since 2001 or 2002. Noting that the community was first told we needed the CT units, combustion turbines, in order to shut down the old PG&E Power plant. She stated was a lie, and the next thing the community knew the story was changed, after the disposition of Hunters Point, and the same lie was then applied to efforts to close the Mirant Plant. She reported that in 2003, Californians for Renewable Energy had filed a complaint against the plan to locate the CT's in the community. She additionally observed that the Commission was not looking realistically at the situation North of Market Street where there had been a previous black out, noting the energy from this new facility could not come to 8th and Mission and if a power outage were to happen again it would be the same. Everybody north of Market and downtown would still be out. She asked how could one call this reliable and how did residents pay the SFPUC for this project? How much money came in and what has gone out? She would like to get that number.

Mr. Joseph Bryant, currently running the "Keep them Closed" Coalition, a group going door to door getting the opinions of actual residents that will be effected by these plants that would be put on 25th and Illinois. Mr. Bryant reported that basically, the one thing that they had seen from the vast majority of the people they talked about this matter with was that they did not want the CT's in their backyard and that they had already suffered enough from years inhaling toxins and pollutants from similar facilities.

Ms. Orieyonna Q. Johnson, Western Addition resident, was concerned about this matter although she was a resident of the Western Addition she noted that she had to breathe the same air as the residents of the southeastern neighborhoods and that pollution had no bounds. She reported knocking on at least 100 doors daily and reported that most people had no idea what was going on. She observed that once again it seemed a Commission was close to making a major decision without input from those most impacted. She further noted that people were saying they wanted to find another solution, and that there was more we could do as a community to solve this problem, because pollution has no boundaries.

Mr. James A. Bryant, President Regional Director A. Philip Randolph Institute (API), stated that he wished to be clear that in his opinion JPower was not going to work for San Francisco, suggesting that the Commissioner go to and examine the company's website and see how many companies they have already taken over. Mr. Bryant pointed out that JPower was a mega company, one, we need to be concerned if they do not have rules and provide for domestic partners, rules about labor agreements. Mr. Bryant reported that he was uncertain if they had any labor agreements in any or many of the countries they were in and they were in a multitude, again calling attention to the company's web page and suggesting there was a problem. Mr. Bryant noted that the Company was created in 2001; making it 6 years old, and suggesting that he would not let a 6 year old run our system. Turning to another factor Mr. Bryant observed that the Transbay Cable was supposed to be done in 2010 and that he did not know why its 400 megawatts could not solve San Francisco's problems. Finally, Mr. Bryant remarked that the Honorable Richard Sklar was correct, noting that the Commission had been admonished that they did not have correct information but the (API) had learned to bring back correct information. He reported that the API had gone to homes, door to door and what he found interesting was that not one person had stood up in support of putting the CT's in their neighborhood and that should tell something right here and right now. Mr. Bryant suggested that proponents of the project were not going to show up because they knew this was a problem for the community.

Ms. Lynette Stetler, Brightline Defense, requested that her organization be provided with copies of any new documents related to the combustion turbine project.

In response to a question concerning legal confidentiality issues involved with providing advance copies of any terms by Commissioner Sklar, Deputy City Attorney Noreen Ambrose reported that at the point when the documents were made available for open Commission discussion they could be provided.

Mr. John Rizzo, Member, Executive Committee -Sierra Club San Francisco Bay Chapter reported that the Club had opposed installation of these facilities since they were first proposed and was sorry to see this idea resurface. He noted this was a greenhouse gas producing plant using 20th century technology when we should be building 21st century clean technology, as the City was going to do with community choice aggregation and building clean power resources for San Francisco. Mr. Rizzo also suggested that another point was that this project could no longer claim it was needed for reliability, with approval of development of the Transbay cable that would bring in 400 megawatts, several times more than this plan would provide. He reported that the Sierra Club had written a letter to the California Energy Commission to ask they take into account the new transmission line and reconsider their certification of this project. He provided a copy of the letter for the Commission.

Lisa, a neighborhood child, noted that she had come to the meeting to talk about the MUNI, noting that her father's friend works at MUNI, and asking what protection was planned for MUNI workers working next to these three plants? Ms. Marie Harrison, Green Action, noted that as a longtime Bayview Hunters Point resident involved with the exhausting fight to shut down an old outdated polluting power plant and now foreseeing a new fight to shut down the dirtiest of what's left, it was hard for her to believe that what the Commission was proposing, to locate three, CT's. combustion turbines, next door, cross the street, around the corner, behind a MUNI building, would be any different kind of a fight. She remarked stepping out of her role with Green Action and speaking as resident to say that that if in fact the CT's were placed in her community and another doctor had to say to yet another child that to only way to protect their health would be to move out of their community there was going to be a battle. Ms. Harrison observed that the community would not grab guns but would be in your face as no one has seen before. That this decision was a definite no can do and that the City could ill afford to put something so dangerous into her community. Ms. Harrison noted that the Commissioners were charged not only with environmental issues and energy issues but charged with people issues and her community was part of the people. She noted that the Commissioners were charged with the responsibility to make sure any decisions voted on, were voted with the people in mind. She concluded by stating that she was telling the Commission that if they decided to site the CT's and the pollution was still there what the Commission was in effect saying to the community was that it did not count, and that she was there to tell let the Commissioners know that she counted, that the community had a voice, that voice would be heard. Ms. Harrison concluded by saying "I don't have to tell you how to do your job because I think you are intelligent enough to do that, but do your job for the people not the powers that be - do it for the people."

Mr. Francisco daCosta, Environmental Justice Advocacy and environmental advocate, who observed that no one had followed this problem longer than he had since 1988 and noted that this city stands for compassion and justice. Mr. daCosta recalled that we had done everything in our power to shut down a dirty, toxic spewing power plant and that the community did not need three new lousy, old technology facilities to harm our children with their spewing in the air. He further observed that Commissioners, daily children are dying and asked why do we need to harm children who cannot defend themselves. Mr. daCosta observed that there were Commissioners that are well educated with a lot of experience that know everything about the transmission line that we did whatever it took to make happen and put in place, so that we did not need three lousy old technology facilities in the Bayview. He additionally asked why are we paying a quarter of a million dollars to store them in some lousy warehouse in Texas? Why are we wasting our money and bluffing the community? He concluded by asking, "Commissioners do whatever you can to save our children".

COMMISSION DISCUSSION

President Brooks noted that the members of the public attending the meeting heard a lot of tension around this issue because it was such an important issue. He noted that there was tension within the Commission and to the Commission and staff. President Brooks observed that tension was based on the difficulties involved in finding the right solution given the few bad choices that were available. President Brooks noted that at the next meeting the Commission has asked the head of the California Independent System Operator Cal-ISO to present their current position on this matter to the Commission outlining the choices. He affirmed that the Commission did not want to be in apposition of having to trade cancer for emphysema by closing down Mirant and then creating new sources of pollution but the choices we have today are not good ones and we're struggling to find those in a bad situation.

President Brooks welcomed everyone's comments, noting that he had a 4 year old and a two year old and he wanted them to be able to breathe clean air. President Brooks observed that one speaker said pollution has no boundaries and noted that she was correct, and that he hoped and encouraged

everyone to come to next meeting and voice their opinion. President Brooks remarked that he guaranteed the Commission, along with the General Manager and staff, struggle every single day to do the right thing. President Brooks reported that the SFPUC did not want to harm, and had vigorously spoken out against continued operation of Mirant and that the Commissioners did believe there were options for renewable solutions that could be made. He noted in order to accomplish this the Commissioners would need all the pressure and help from people they could get to bring this matter before Cal-ISO and ask them tough questions about why they were requiring this course of action.

Commissioner Sklar remarked that he wanted to endorse what President Brooks had just said and observed that this was being dealt with seriously and posed a real dilemma. He noted that he had stated his position several times and wanted to clarify a couple of points. Noting he thought that there was actually a division at Cal-ISO on how to address this issue in early August. In June, they had commissioned a report to ask if the peakers were necessary and got a report saying they were not needed. Then what members of the public probably heard from a Cal-ISO staff person was the result endorsed in that report. That was not the case however as it moved up through the, Cal-ISO hierarchy. Commissioner Sklar was unable to say what had occurred except that the Cal-ISO was unable to endorse their report's findings and that was why people were confused. Commissioner Sklar suggested that it was not that the Cal-ISO man lied but that was what was known at that time. Commissioner Sklar responded to another of Ms. Jackson's comments by noting that she had included the Mayor unfairly in her list of unhelpful people and in fact the Mayor was trying to do everything he can to work this out. Commissioner Sklar emphasized that his efforts had been enormous to try and find a good solution for the whole thing. Commissioner Sklar noted that everyone knew where he stood but new questions have been raised that he would like to raise in dialogue with our staff. Commissioner Sklar noted that a question Brightline presented was that installation of the CT's did not mean necessarily that Mirant closes and that the Commission wanted to have that answered. Secondly, there was question about the California Energy Commission and whether the original, Environmental Impact Report (EIR) and permit were still valid because of new circumstances having occurred. Thirdly, the Commission would soon learn about the final JPower terms and that's important. Commissioner Sklar remarked that the dilemma the President presented was a sad, real one, and he thought the public should be assured each of the Commissioners while they may disagree would do what was the best of a bad lot of solutions to make it, so the day will come when it will no longer be possible to burn fossil fuel here. He could not promise what he wanted to happen would occur when you want it to happen. He pointed out that we faced a real dilemma and the Mayor has taken an aggressive action to help us solve our problem.

Commissioner Normandy remarked that there was little he could add to the very well articulated positions that both President Brooks and the Honorable Richard Sklar had said emphasizing that there was absolutely real solidarity to protect as many people as possible, do no harm, but good, and that was reason he wanted to hear Commissioner Hochschild's perspective because as an environmentalist he had been able to talk to other people and get their perspectives.

Commissioner Hochschild reported that he had not been sleeping well with this on his mind. He expressed dismay at the choices facing the Commission and had spent a lot of time reviewing comments from the last meeting and noted there were several points he wanted to talk briefly about. Commissioner Hochschild specifically thanked everyone for coming to the meeting to offer their views and encouraged them to come again, particularly when representatives of Cal-ISO were in attendance. He noted this was important because there were choices that the Cal-ISO would make that the SFPUC would not get to make. On Cal-ISO deciding whether or not to close Mirant, he noted he had spent a long time during the last week talking with them, going back and forth, and he still did not understand their logic on this question. He pointed to the two new game changers, one having this new transmission line and two this additional 60 megawatts produced by energy efficiencies and demand response. Given this, the Commissioner could not see why that has not moved the needle at all. He asked the community members to continue to provide feedback on this matter and was grateful you make the time to come out here and emphasized that we all here share the same goal.

Ms. Leal thanked the President and members of the Commission and said that she wished to clear up any misperception that the staff was off on its own tangent, noting that the action on this issue came up when she first came aboard as General Manager on the heels of a letter having been signed by the Mayor, Supervisor Maxwell and Supervisor Peskin and the City Attorney Dennis Herrera, who she pointed out lives very close to the power plant and will live very close if there is a new power plant. Ms. Leal reported that this letter signed in 2004 was followed up by another letter by the Mayor and

the same Supervisors and the City Attorney reiterating its direction so that as well as the Commission's direction was what staff had been consistently working under. Ms. Leal further emphasized that staff had not ignored the issue of Cal-ISO and reported Deputy General Manager Tony Irons with Supervisor Maxwell's aide met with Cal-ISO last week in Folsom to hear what Cal-ISO's take was on this while continuing to explore what alternative possibilities exist and at the same time working very hard, as specifically directed twice by the united City family, to deliver the best deal possible. If the SFPUC has to build the peakers, it will be at the best deal for the City she affirmed.

Commissioner Sklar thanked the General Manager and made a quick clarification noting that he did not think there had been any comments from the Commissioners that staff were going in one direction and the Commission another, only comments saying there were a lot of different views and ideas and he thought one had to have that kind of tension when dealing with something so great and hopefully it would help bring solutions. That decision might not be ideal, but he thought we had the brightest to attempt to figure it out.

Commissioner Sklar concluded discussion of this item by inquiring concerning the peakers at the San Francisco International Airport noting the Commission had been told they were for reliability. He suggested perhaps the airport peakers have nothing to do with reliability, and might we not take that money and build solar and other green facilities.

Ms. Leal responded that staff could explain what was involved but noted that a part of it was to serve as back up power for the airport and that the airport wanted it. Ms. Leal reported she would be happy to ask the Airport to come before the Commission to address this topic

Commissioner Sklar noted that the SFPUC should not in the business of putting in peakers when the airport had not invested in solar. He concluded by noting reliability was one thing but making accommodation for the airport was another.

7. Water System Improvement Program (12:00 Noon until 1:00 P.M.)

Workshop Two: Risk Mitigation

This is the second of three consecutive workshops to brief the Commission on a number of ongoing WSIP programmatic initiatives. The objective of the second workshop is to review the mitigation measures to address the Risk Assessment findings and recommendations.

Water System Improvement Program Manager Julie Labonte began her second WSIP Workshop presentation with a brief recap of Program issues and indicated that she would need to skip over some of the things she wanted to say in order to be out of here by 3 P.M. Ms. Labonte reported that she had held a total of nine meetings with key members of the recent management team addressing specific action items that will help address the recommendations and findings from the risk assessments. Ms. Labonte indicated that she wanted to use this risk mitigation plan to ensure that we aggressively pursue a number of measures to minimize and or eliminate the risk that could impact our deliver built on budget or on schedule. So, the objectives of today's workshop are one to review what we intend to do to identify risk and two go over key elements of the action plan we are currently in the process of putting together to control, minimize or eliminate the risks.

Ms. Labonte continued reporting the risk assessment, identified ten different type of risks that can impact the costs of Water System Improvement Program (WSIP) projects. She noted they were listed from their potential cost to the program, with contracting challenges representing the largest risk and project process controls having the smallest impact potentially. She continued based on the results of the analytical process used in the assessment the risk could be divided into three tiers. The top three were: contracting challenges; permitting/certification; and Impact report and the shutdowns required to facilitate construction activities.

Ms. Labonte thought it important to remind the Commissioners again concerning the program management issues. Ms. Labonte reported the program consultant indicated these were typical for a program the size of WSIP and noted that these would vary from one risk to the other but it would be fair to say in general there was a lot staff could do to stay in control and minimize each one. She walked the Commissioners through each risk and tell you what the goals of our mitigation efforts will be and give you an example of some risk mitigation efforts included in our action plan. Starting with contracting challenges. She observed our ability to attract sufficient contractors would be key to the

Program's success. Ms. Labonte noted that there were basically two challenges. She commented that San Francisco was viewed by the contracting communities as having onerous contracting requirements compared to other agencies, and there also were issues of competition with other large infrastructure programs in the western United States for resources. Ms. Labonte reported that during the past year under the leadership of Assistant General Manager of Infrastructure, Harlan Kelly staff had undertaken a number of initiatives with our contracting practices. She continued that some things staff had accomplished, launching, the first phase of pre-qualification program, working on mayor's office with direct prompt payment, establishing alternative dispute resolution, partnering program and centralized invoicing units. Ms. Labonte observed our goals were to continue to make it more appealing and increase the communities willingness to support the WSIP. Some measures in our action plan include expanding pre-qualification to include all WSIP projects and establishing a web base, invoicing and payment processes allowing for more timely payments of all approved work. Ms. Labonte reported that it was also very intimidating for new bidders to get certified for the City, so staff wanted to create a support program to walk through bidders through the certification process. We also want to carefully review all contract specification to make sure there's equitable between city and contractors and finally, we're going to have labor relation groups to divvy up multi faceted market campaign and outreach plan to inform the contracting units to our program.

Next Ms. Labonte reported that the certification of the, Program Environmental Impact Report (PEIR) was on the critical path so it was important staff minimize any potential delays in the certification project and the most effective single action an agency can take to avoid delay was to produce a technically sound document. Ms. Labonte reported that the PEIR was prepared with some of the best experts in the state. It comprised over 3,000 papers and that it represented the results of thorough analysis over a year period and Ms. Labonte noted that this was the most essential and well prepared document ever prepared by San Francisco. She observed that now that the administrative draft was out for review, our goals are to have adequate resources and be fully prepared to adequately respond to all public comments and that she wanted to be in position to address all the concerns raised by stake holders. Ms. Labonte continued that our mitigation would then be to divvy up specific internal strategies and then staff would provide timely follow ups as well as initiate any needed outreach to educate the public concerning some of comments we got from stake holders.

Commissioner Sklar remarked that he had regularly made the argument; based on information Mr. Irons had given to him that he absolutely believed Ms. Labonte had developed, that the fact that the PEIR was late was not critical because of a float time factor and was not a critical. The Commissioner then noted Mr. Steve Lawrence had disagreed, and now Ms Labonte was also saying the PEIR was on a critical path for some of the projects. The Commissioner emphasized how important he thought it was that we clarify that with the latest delay we now had eaten up the float time. And that it was vital to make sure we remain consistent and accurate to the public.

Ms. Labonte agreed noting that the construction of WSIP will require an unprecedented number of plant systems shutdowns. The schedule of the overall program was controlled to a great extent by the shutdowns; and she had taken steps to employ a full time shut down manager to plan all of those and a manager that would work closely with the operational staff. The Program's goals were to be able to facilitate all work as planned and not have project delays caused by shutdowns and operative risks.

Ms. Labonte identified five mitigating things, which staff was finalizing in our shut down plan that would basically identify the resources, the plans, and very comprehensive procedures that would facilitate planning while at the same time monitoring any operating risks. Ms. Labonte reported that staff was working with agencies and wanted to make sure all agencies were fully prepared so the shutdowns may have no retrospective issues. Ms. Labonte also noted that she planned to issue a director for our managers to review all the documents to make sure there were proper provisions on system shutdowns and finally, staff would model all shut downs to ensure we have adequate flow conditions and system reliability throughout all of our system during any shut down.

Commissioner Normandy observed that he strongly believed the organization today was a lot stronger and more efficient than the WSIP when Ms. Labonte arrived nine months ago. However he noted there was always room for improvement. He urged that the program work on its strengths and tackle and address any organization weaknesses. He also recommended efforts to mitigate any management risk by having very defined roles and responsibilities and that the SFPUC needed to empower some of its key people and make sure they are accountable for that empowerment and with a clear chain of command for timely decision planning

Ms. Labonte reported that she had discussed the current structure during the last presentation that in part focused on the organization structure. As Commissioner Normandy was away during that meeting he proposed to take time reviewing it. Commissioner Sklar noted that she had done a good job presenting this information last time. Commissioner Normandy agreed Ms. Labonte always did.

Ms. Labonte reported that she would issue a memo clarifying the presentation to the Commission and following that she would present a second one for all the roles and responsibilities for all key staff and then issue a directive clarifying the authority of the project manager. Ms. Labonte noted that she thought that project managers were very important since they were ultimately in charge of delivering properties and finally we will have a specific timeline for all Requests For Proposals (RFPs) with consultant services required to complete the program. Ms. Labonte reported a large number of our projects would require inquisition or encroachment removal prior to construction activities. In addition, she reported, right of way was required to perform certain activities. Therefore she remarked right of way activities do present a risk. However, Ms. Labonte observed that actually the right of way program was one that she believed we had made the greatest strides. She said she was proud of our right away team and we were moving very quickly on Pipeline Number Five. Ms. Labonte reported that to assist the team she would issue a directive requiring new specific steps to facilitate the right of way and encroachment process and staff would finalize details of a tracking system to more closely approach all of our issues and we're committing to filling an open committee seat on our right away group. Ms. Labonte again noted that like the PEIR, the most effective way to mitigate was in review was to produce complete and technically sound analysis of environmental impact and we need adequate and qualified resources. Since the interval cannot be issued without a project team, we can provide our environmental folks with timely submittal of project description and timely notification of all project changes so some of our specific mitigation measures include issuing as needed environmental services to ensure services and that she would be issuing a directive for specific requirements for the production of complete project descriptions.

Ms. Labonte reported that she would also implement separate tracking of some information currently included in the schedules and also prepare specific property plans and specific plans for all of our internal documents and public involvement program.

President Brooks asked Ms. Labonte if she proposed to use pool contracts or to select ten or fifteen firms in this case, where there was a combination of contract specific contracts and an RFQ was needed which will provide services on an as needed since it's not clearly identified? Ms. Labonte responded where we use that was mainly in engineering.

Commissioner Sklar called attention to the elephant in the room, observing that the biggest problem he saw in this area relates to the water taken from the Tuolumne River, noting it was an issue of substance we have to challenge. He asked had we started to plan to deal with the issue?

Deputy General Manager Tony Irons responded that as we were still within the comment period on the draft PEIR we would not seek an additional or alternative to our Program during the comment period.

Ms. Labonte then turned to focusing attention on reducing construction risks through the quality management program to manage the mission and minimize construction changes and claims. Ms. Labonte reported that there were eight different project reviews required that provided complete and high quality construction documents but were also critical to identifying construction risks so we were minimizing construction delay and making sure contractors supply us with the highest quality of service. She next called attention to mitigation services and reported staff would be finalizing a, construction management staffing plan outlining what will be done by staff and that will in turn allow us to issue RFPs. We were in process of developing a manual, and are very close to selecting a Construction Management (CM) management system and working on developing a very specific authority matrix that would insure timely decision making as well as timely resolution of disputes. Ms. Labonte also reported staff were looking at putting together another plan that would use (CM) consultants and she thought that could benefit the program greatly, further reducing liability.

In response to a question from Commissioner Sklar concerning the CM software, Ms. Labonte's reported staff had looked at five different softwares specializing in construction management, and found that our existing program Expedition for which we already have licensing was the best and should make for an easy transition.

Turning next to permitting, Ms. Labonte discussed the three types of permits and said the goal was to

obtain the permits without delays to projects. She noted that during the last year staff had established an interagency task force that provided us with means to work cooperatively with a number of resource agencies in an effort to prioritize the review of WSIP and a utility works group which was responsible for all our encroachment including the cumbersome ones which, if successful, will be available to the entire WSIP.

In addition Ms. Labonte discussed how tracking screens would more closely monitor progress and allow for revised project specifications making sure the incorporation of all requirements of the various jurisdictions were in place.

Ms. Labonte next observed that successful delivery required public support and she emphasized that we needed to continuously remind the impacted communities of the purpose and critical need for the program. She stated she was committed to involve and inform stake holders on progress and notify communities about upcoming construction activities.

Ms. Labonte emphasized that staff needed to rally support behind the program and keep people informed about the WSIP. She reported that through our action plans we were committed to a community outreach plan for all projects and would hold trainings with all of our construction managers and project members to assure they're all proficient at giving information and interacting with the public and ensuring a contract vehicle for public interaction services. WSIP benefits from a control system with capabilities. Ms. Labonte reported that the accuracy had improved greatly and during the past year the control group has continuously worked on initiatives to further optimize use of the data by the system. Ms. Labonte pointed out that we need clear data and overall program performance and tools to proactively manage our costs and schedules.

Next Ms. Labonte described some of mitigation measures including establishing a controls manager position that reported directly to her as well as a quarterly report program providing more comprehension and reflection of our performance as well as documenting our reporting to increase functions and create that will let all web members navigate through a screen and finally we'll also initiate new and improved monthly reviews with each member team. So, all measures will be included in an action plan Ms. Labonte could use to keep our team accountable and always pursuing measures to mitigate our risks.

Commissioner Hochschild asked a question about public outreach noting that Ms. Labonte mentioned preparing presentations for public meetings and wondering if it would be possible to create an accessible website version thinking in particular about showing undergrounding if you live in San Francisco so you can go to your neighborhood and see what quarter or stage of the process they're in. Ms. Labonte did not think that this would be difficult as all of the data needed to do so would be already available in the online reports, and noted that she had already discussed with the Communication Director some ways to be able to interact more with the public especially in construction. Ms. Labonte thought this could be very beneficial for the community to have real time information about the activities in their communities and from her perspective it would be beneficial to have information readily available such as increased system capacity or number of jobs created, reduced risk and have all of this information front and center that was something that communicated the value of what we were doing. Ms. Labonte observed that our current website lists the benefits of each project but we can take it a step further with some of these suggestions.

Commissioner Normandy commented that the workshops were very, very valuable and he thanked Ms. Labonte and her staff for putting together excellent information. However he noted the overall objective is to create a means for the Commission with all needed information to make decisions. One, he asked what are the revisions that need to be made, and are we sacrificing projects? Secondly, what are the projects considered vulnerable if the Commission sticks to a specific bottom line and it becomes evident for whatever reasons we are going to over spend? Thirdly what is a proper amount of contingency funding to make absolutely sure that in all of these discussions we are looking at the issues in that context so at the end of the three workshops you presented to us, we are as a Commission going to be able to say, do we stick to the \$4.3 billion budget and if so how do we do that? Do we cut or delay projects? He noted the decisions are going to hinge strongly on a comment that both Commissioner Sklar and others had put forth to us. What are the most critical of these projects as it was absolutely crucial that we look at a matrix to identify the most critical projects so we can, in effect if unavoidable cut from the bottom?

Ms. Labonte responded that she was working toward setting those facts out and Workshop Three was going to be able to focus exactly on these issues in order for the Commissioners to make some of the

decisions needed. To do so she pointed out the Commissioners needed to understand the risks and staff's approach so to make an informed opinion of how capable the Program was to mitigate some of these risks. She continued there was going to be a lot of discussion of mitigation in the next workshop and she thought it would require a full two hours as she proposed to outline a tentative schedule and also provide staff's latest forecast on budget. Ms. Labonte continued the Commissioners would be given some options about if you want to keep the program at \$4.3, here are some potential cuts, and the issue of program contingencies and so forth will be tackled as well. The next workshop will be the big one because there was a lot to walk through.

Commissioner Normandy responded that he was pleased and comfortable with going forward with our last workshop if the Commissioners were given sufficient time to absorb the information presented to make reasonable decisions. He suggested the General Manager and Commission Secretary consider the possibility of a special meeting entirely devoted to that.

Commissioner Sklar endorsed what Commissioner Normandy had said. He asked sketching out worst case, best case, most likely case and level of security what did MS. Labonte feel with each was what he would like to know. President Brooks remarked that one of the biggest fears he had voiced from the beginning was are we going to have enough contractors to do the work we need done and already we have seen where we were getting single bids that drive up the cost because there's no competition. The Commissioner commented that we have to look at ways of fixing that structure and make sure we have enough contractors to get the work done.

Ms. Labonte concurred noting that issue was identified as our number one risk.

Public Comment:

Mr. Art Jensen, General Manager of the Bay Area Water Supply Conservation Agency (BAWSCA) reported that he had comments on the presentation today. Mr. Jensen began by noting that staff was still working out details of the upcoming WSIP Workshop No. 3 presenting where the costs were coming to and noted that it was nice to see the Program was expected to be finished on time. Next he addressed matters related to the PEIR with brief comments, observing that BAWSCA found the PEIR doing what it was supposed to do and that they hoped the public and if necessary a judge agreed on that. Mr. Jensen reported that BAWSCA would have comments on it. He reported that one of the BAWSCA comments reflected its view of the vital importance that the public understands the importance of the projects.

Mr. Jensen noted that he felt the PEIR did not emphasize or indicate sufficiently to make clear what the work was for; what it was protecting the public against; and what were the possible mitigation efforts being undertaken.

Mr. Jensen remarked why he raised this matter now was that last week during discussion of the Bypass Tunnel, it appeared to him that it was not clear to the Planning Commission why that project was so very important. Mr. Jensen suggested he thought that was something to work with folks in Planning Commission to better understand, as they did not have the same mission as the SFPUC and the Agency could benefit from their having a better understanding of the highly critical importance of what was before them. He noted the SFPUC may benefit when they understand that should it fail, it cuts off supply. Mr. Jensen then reported he planned, at the next meeting, to present a capsule or summary of the Planning Commission and BAWSCA's comments and ideas for enhancing and addressing issues including those that Commissioner Sklar had raised. In addition, Mr. Jensen noted a couple of other points, one organization to clarify the role of the person in charge of operations during the shut down operations. He noted that when the stuff hits the fan, David Briggs the person in charge of operating the system would be the fan. Mr. Jensen observed that he would be the one that took the blame and accountability from the customers all the way down the line, so his role needed to be clearly established. Mr. Jensen's last comment was similar to that raised by Commissioner Normandy, what are our choices? He noted that another part of that was, when do you have to make them?

Mr. Peter Drekmeier of the Tuolumne Trust requested that the Commissioners consider carefully the impact of the proposed diversions from the Tuolumne River and consider alternatives.

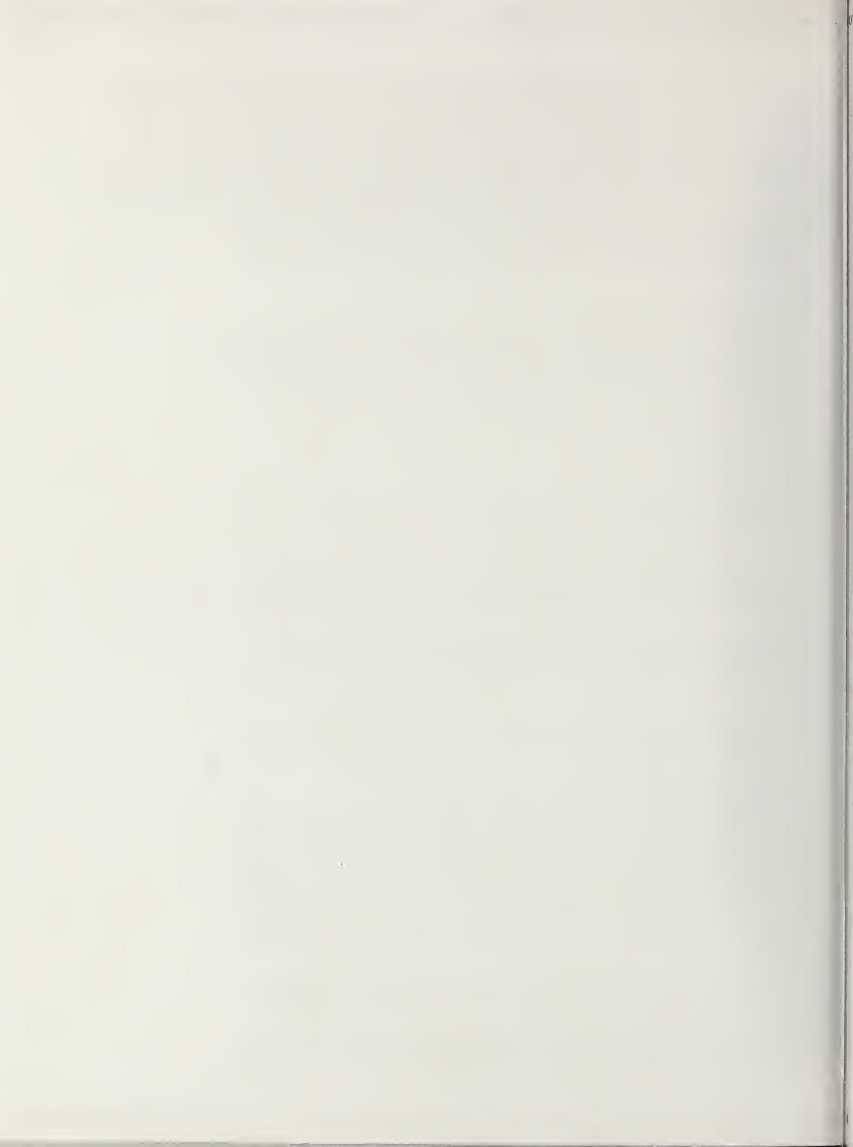
In response to Mr. Drekmeier's comments, the General Manager asked Assistant General Manager for Water Enterprise Michael Carlin to describe the flows below the O'Shaughnessy Dam. Mr. Carlin explained that right now we do have flow schedules. He reported the numbers presented were part of

the flow schedules and noted that La Grange reports were the district's obligation. He described the measurement used as two cubic feet per second. Mr. Carlin reported flow coming out of La Grange was probably 150 cubic feet per second (CFS) or so because they are getting down to their winter storage levels. In response to a question from Commissioner Hochschild concerning the minimum threshold for a salmon run for example and how that was established? Mr. Carlin replied that the figure varies and that basically there was a schedule for flows in the Tuolumne River and that the SFPUC also had flow obligations based on Fish and Wildlife Service reports and based on powerhouse running at the time. Commissioner Hochschild asked could you count how much water we take, and how much was diverted to the districts? Mr. Carlin replied an annual average taken from the river is 1 point to 1. 7 million-acre feet a year. Mr. Carlin noted that SFPUC diverts about 300,000 a year and the districts about 1.6 million a year, with the rest basically flowing down hill.

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SAN FRANCISCO Public Utilities Commission

10/9/07 Minutes San Francisco Public Utilities Commission (part 2 of 2)

Published: 10/25/2007 | Updated: 12/17/2007

Published By: Commission

9. Report of the General Manager

a) Tom Franza Retirement Plaque

General Manager Susan Leal informed the Commissioners that we were losing a long time mainstay of the SFPUC, Assistant General Manager of Wastewater Tom Franza, who will be leaving the SFPUC after 23 years of working with the city. Ms. Leal noted that Mr. Franza has always been a real steady leader in the Wastewater Division and that the entire staff would miss his leadership, knowledge, and friendship. We will sorely miss Tom. Ms. Leal then introduced Tom Franza, Assistant General Manager of Wastewater and presented him with a certificate and specially made plaque created by the Water Enterprise staff featuring a classic cast iron water meter cover in honor of his immense contributions to the SFPUC. Mr. Franza thanked the Commissioners and his colleagues and joined the Commissioners on the dais for a commemorative photograph in honor of his upcoming retirement.

b) Climate All Star Award

Ms. Leal asked Ms. Hale to talk about the Climate All Star Award. Ms. Hale informed the Commissioners that the San Francisco had received a Climate All Star Award. Ms. Hale reported that San Francisco was among 45 nominees. She reported that we were selected as an honoree largely based on the Climate Plan adopted by the Board of Supervisors which was recognized by 14 other jurisdictions for its outstanding leadership role. Ms. Hale then recognized on our staff Danielle Dowers and the Department of City Planning Melissa Capria who worked on the climate plan adopted by the City and observed that San Francisco was unique in many ways in respect to climate action. Ms. Hale reported San Francisco was one of the founding cities to register as a California Founding Registry City and noted that we were the first municipality to document methodically our greenhouse footprint and that we were among the leadership and had been recognized for that on September 21st.

c) OCIP Report

Assistant Manager of Infrastructure Mr. Harlan Kelly presented a brief overview and background on this issue and then introduced City Services Auditor Director Peg Stevenson. Ms. Stevenson distributed copies of the Controller's analysis of the potential risk or benefit of Owner Controlled Insure Program to the SFPUC. Ms. Stevenson outlined in some detail how this other insurance model were evaluated.

Commissioner Normandy applauded the Controller's reports thorough and careful methodology but requested that Ms. Stevenson focus on the results. Ms. Stevenson then reported on a number of points fully addressed in the detailed report, previously provided to the Commissioners, reflected what her summary presentation would show, that there was little likely benefit and some risk involved in choosing this model to address the WSIP Program's goal to encourage contractors to work safely and limit injuries. In response to questions from President Brooks, Ms. Stevenson further outlined how her report addressed a range of issues involved in considering the models for construction program insurance and observed that while some issues, such as reduced injuries resulting from promotion of safer work practices by contractors, were not directly addressed. Their impact was reflected in the cost analysis included in the report. Ms. Stevenson continued noting that the bottom line was none made a difference in terms of cost factors. She then called attention to a final conclusion tabled on page 50 in the report. She reported that those contracts that would be most suited to that type of insurance program and pursue a contractor controlled that might get you financial and safety and lost control but again probably wouldn't make a difference in terms of cost factors. Ms. Stevenson then pointed to the issue of administrative costs estimated conservatively at \$14.8 million. In response to a question from President Brooks concerning a future guess on cost incurred through losses through injuries? Ms. Stevenson responded that the break even point in the analysis was losses at \$9 million if you have losses in aggregate at \$9 million, at that point you cross over with \$2.2 million more from running Owner Controlled Insurance Plans (OCIP), and other factors could make your deficit worse. She then noted this was quite conservative for this program. President Brooks, in the interest of time, proposed to further discuss additional question concerning this matter with Ms. Stevenson at a later time.

President Brooks said that in order to prevent loss of quorum all remaining business would be concluded shortly after 3:00 P.M. At the request of Commissioner Sklar, Item #13 was taken up out of order.

PROFESSIONAL SERVICE CONTRACTS

13. Discussion and possible action related to approve the selection of MWH/AGS, Inc./Lee Incorporated Joint Venture, URS Corporation, Kennedy/Jenks Consultants, and Camp Dresser & McKee Inc.; award Water System Improvement Program-funded Agreement No. CS-879 and authorize the General Manager of the San Francisco Public Utilities Commission to

negotiate and execute a professional services agreement. Commissioner Sklar suggested that in the way the Commission handled personal services contracts which he noted was, unlike construction contracts, wider flexibility in terms of how they are structured that when the Commission consider them they come to the Commission for authorization to negotiate and then again for final approval after negotiations were completed. He suggested that the current standard language authorizing the General Manager to negotiate and then execute such contracts be eliminated and these contracts be brought back to the Commission for final approval. Following more detailed explanations of how little real flexibility remained to negotiate by the time these agreements reached the Commission for authorization by Mr. Kelly and Ms. Labonte, and with a commitment by them to provide more detailed reports reflecting the final language. Commissioner Sklar agreed to continue with the current procedure noting that he did not wish to create any delay in moving program forward.

Public comment: no comment was offered on the item.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0 Brooks, Normandy Sklar and Hochschild) unanimously.

Resolution No. 07-0175: Approve the selection of MWH/AGS, Inc./Lee Incorporated Joint Venture, URS Corporation, Kennedy/Jenks Consultants, and Camp Dresser & McKee Inc.; award Water System Improvement Program-funded Agreement No. CS-879, Engineering Project Design Services, to provide engineering design services for WSIP Projects; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with MWH/AGS, Inc./Lee Incorporated Joint Venture, URS Corporation, Kennedy/Jenks Consultants, and Camp Dresser & McKee Inc. for an amount not to exceed \$9 million for each contract for a total of \$36 million, and with a duration of seven years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

Public comment: no comments were offered on the consent calendar items.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 Brooks, Normandy and Hochschild) unanimously.

a) Resolution No. 07-0176: Authorize the General Manager of the San Francisco Public Utilities Commission to request permission from the Board of Supervisors to accept and expend grant funds totaling \$200,000 from the CALFED Water Use Efficiency Program, as administered by the United States Bureau of Reclamation (USBR); and to execute all required agreements.

b) Resolution No. 07-0177: Approve Modification No. 2 Water Enterprise Water System Improvement Program-funded Contract No. WD-2489 (University Mound Fence Replacement), with D'Arcy & Harty Construction, Inc., increasing the contract time by 33 consecutive calendar days, for total contract duration of 243 days.

REGULAR BUSINESS

11. Discussion and possible action related to approve Amendment No. 1 to Resolution Nos. 04-0148 and 04-0197 and authorize the General Manager of the SFPUC to execute this amendment.

Public comment: no comment was offered on the item.

Moved by Commissioner Hochschild, seconded by Commissioner Normandy, to adopt the following resolution; passed (3-0 Brooks, Normandy and Hochschild) unanimously.

Resolution No. 07-0178: Approve Amendment No. 1 to Resolution Nos. 04-0148 and 04-0197 that approved the City and County of San Francisco ("the City"), through its San Francisco Public Utilities Commission (SFPUC), to enter into Scheduling Coordinator Services ("SCS") and Full Load Service ("FLS") contracts with the United States of America, through the Department of Energy Western Area Power Administration (WAPA or Western) for Treasure Island and Yerba Buena Island (TI/YBI), and authorize the General Manager of the SFPUC to execute this amendment extending the term of the FLS contract by 5 years, from the original termination date of September 30, 2010, to September 30, 2015 and increasing the FLS contract with WAPA by \$2,120,000, for a total agreement amount of \$4,240,000.

12. Discussion and possible action related to approve, and Recommend to the Board of Supervisors for approval, a Term Sheet for a Long Term Power Sales Agreement ("LTPSA") with Modesto Irrigation District ("MID") and authorize the General Manager to implement the Term Sheet, and executing the same.

Public comment: no comment was offered on the item.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 Brooks, Normandy and Hochschild) unanimously.

Resolution No. 07-0179: Approve, and Recommend to the Board of Supervisors for approval, a Term Sheet for a Long Term Power Sales Agreement ("LTPSA") with Modesto Irrigation District ("MID") and, upon approval by the Board of Supervisors, authorize the General Manager to implement the Term Sheet by incorporating the terms thereof into a LTPSA and executing the same.

PROFESSIONAL SERVICE CONTRACTS

14. Discussion and possible action related to approve Amendment No. 1 to Water System Improvement Program-funded Agreement No. CS-754, Environmental Analysis Services – Bay Division Pipeline Hydraulic Capacity Upgrade Project.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 Brooks, Normandy and Hochschild) unanimously.

Public comment: no comment was offered on the item.

Resolution No. 07-0180: Approve Amendment No. 1 to Water System Improvement Program-funded Agreement No. CS-754, Environmental Analysis Services – Bay Division Pipeline Hydraulic Capacity Upgrade Project, with Entrix Environmental Consultants and Ward & Associates, JV to provide environmental analysis and alternatives analysis, prepare documents and permit applications, respond to public comments; and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$600,000, for a total agreement amount of \$3,100,000.

15. Discussion and possible action related to approve Amendment No. 1 to Agreement No. CS-852, Biofuel Conversion Services, with BioSolar Group, to continue providing technical support to the SFPUC Biofuel program and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment.

Public comment: no comment was offered on the item.

Moved by Commissioner Hochschild, seconded by Commissioner Normandy, to adopt the following resolution; passed (3-0 Brooks, Normandy and Hochschild) unanimously.

Resolution No. 07-0181: Approve Amendment No. 1 to Agreement No. CS-852, Biofuel Conversion Services, with BioSolar Group, to continue providing technical support to the SFPUC Biofuel program established to collect and transfer waste cooking oil and grease for conversion to biodiesel for use in the SFPUC fleet, and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the agreement by \$550,000, following approval by the civil service commission, for a total agreement amount of \$770,000, with no time extension, for a total agreement duration of three years.

16. Discussion and possible action related to approve the selection of three community outreach consultants under Agreement No. CS-889, Micro-LBE Community Outreach As-Needed Consultants and authorize the General Manager of the SFPUC to negotiate and execute up to three professional service agreements.

Public comment: no comment was offered on the item.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 Brooks, Normandy and Hochschild) unanimously.

Resolution No. 07-0182: Approve the selection of three community outreach consultants under Agreement No. CS-889, Micro-LBE Community Outreach As-Needed Consultants, that are also Micro-Local Business Enterprises (Micro-LBEs) as certified by the San Francisco Human Rights Commission (HRC): Consulting Link 2000, Inc.; Alfred Williams Consultancy, LLC; and their public relations (PR); and authorize the General Manager of the SFPUC to negotiate and execute up to three professional service agreements among the three consultants, based on the selection process set forth in the Request for Qualifications (RFQ), to perform community outreach and related activities on SFPUC Labor Relations and Community Programs Group initiatives for water, wastewater or power system improvement programs, for a total amount not to exceed \$100,000 dollars total among one to three two-year agreements

CLOSED SESSION

As there were no matters to be discussed in Closed Session, the Closed Session items were taken off calendar.

Public comment: no comment was offered on the off calendar closed session items.

19. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

20. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) Anticipated Litigation: As Defendant (Ambrose)

21. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) Anticipated Litigation: As Defendant (Ambrose)

There being no further business to discuss, the meeting was adjourned at 2:45 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3680

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

10-16-07 11:17 AM

AGENDA

DOCUMENTS DEPT.

SPECIAL MEETING

OCT 16 2007

Friday, October 19, 2007
11:00 A.M.

SAN FRANCISCO
PUBLIC LIBRARY

NOTE DIFFERENT START TIME/ROOM LOCATION

City Hall, Room 263
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting: except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public comment
- 4.

CLOSED SESSION

NOTE the Commission will go into closed session to discuss items on its agenda shortly after the beginning of the meeting and will remain in closed session one hour.

4. Public comments on matters to be discussed in Closed Session.
5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

6. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: located at 25th Street and Maryland in San Francisco, California. (Hale)
Negotiator for the SFPUC: Barbara Hale Negotiator: JPower.
7. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2)
Anticipated Litigation: As defendant.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

8. Announcement following Closed Session.
9. Motion regarding whether to disclose the discussions during Closed Session.

10. Discussion and possible action related to SFPUC Resolution No 07-0137, and discussion of the proposed San Francisco Electric reliability Project (the Combustion Turbines (CTs)), discussion of the environmental reviews of this project.

ADJOURNMENT of the Special Meeting

This Special Workshop Meeting of the San Francisco Public Utilities Commission will be followed by the Regular October 23, 2007 SFPUC Meeting beginning at 1:30 PM in Room 400 City Hall.



SAN FRANCISCO Public Utilities Commission

10/19/07 Minutes San Francisco Public Utilities Commission

Published: 11/15/2007 | Updated: 06/03/2008

Published By: Commission

MINUTES**SPECIAL MEETING**

(As Amended)

Friday, October 19, 2007

11:00 A.M. NOTE DIFFERENT MEETING START**TIME/ROOM LOCATION**

City Hall, Room 263

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Richard Sklar

The Honorable David Hochschild

**DEPARTMENTS AND
ENTERPRISES**

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

DOCUMENTS DEPT.

JUN 24 2008

SAN FRANCISCO
PUBLIC LIBRARY**ORDER OF BUSINESS:**

1. Call to Order: 11:30 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner David Hochschild

3. Public Comment

Mr. Francisco da Costa, criticized the late notice for the meeting suggesting it violated the requirements of the Brown Act. Mr. daCosta then urged that the Commissioners embrace the "precautionary principle" when considering the combustion turbines issues and discussed the environmental challenges that the residents of the City's southeastern neighborhood had experienced.

Another member of the public commented a lack of information as underlying sources for conflict, suggested that their was game playing going on, and criticized the unfairness of the responses made to persons offering public comment suggesting that she had been disparaged for offering her views.

Agenda Item 10 taken out of order.

President Brooks requested General Manager Susan Leal present Agenda Item 10. Ms. Leal presented a general overview of the lengthy process following a state mandate to guarantee reliability of San Francisco's power supply undertaken by the Mayor, Board of Supervisors President Peskin, Supervisor Maxwell, City Attorney Herrera, and the Public Utilities Commission staff to bring this project to completion. Ms. Leal then updated the Commissioners concerning recent activities related to the combustion turbines project then introduced Deputy General Manager Tony Irons who presented an extensively detailed overview of where the project was located, how the jet engine-like turbines would operate and what that would entail specifically, how the facility would fit into the neighborhood, the expected operation of this facility, and how this project fit into the City's overall energy planning. Next Assistant General Manager for Power Barbara Hale provided additional information to the Commissioners. President Brooks thanked staff for their continuous very hard work on this project to achieve the maximum benefit with the least environment risk.

In response to a series of questions from Commissioner Sklar concerning noise, the actual pollution levels produced by the existing Mirant diesel turbines, the pollution levels contrast between the existing Mirant CT and the proposed new reliability facility, Mr. Irons provided detailed and specific responses outlining what were the facts in each situation and how staff proposed to address any necessary mitigation.

Mr. Irons then presented a detailed explanation and overview of the role of the California Independent System Operator

(Cal-ISO) in California's deregulated energy market, then role of the state Department of Water Resources subsidies in supporting Run-Must-Run (RMR) status for Mirant, a description of the existing power generation and transmission resources, the requirements to insure system reliability imposed by Cal-ISO. Then Mr. Irons summed up the twists and turns of the lengthy process that resulted from an absolute need to have in-city generation capacity that was acceptable to Cal-ISO in order to facilitate closure of the Mirant Plant.

Next Mr. Irons addressed who would control and under what circumstance that the proposed reliability facility would operate and the current situation regarding how it was proposed to be financed. Mr. Irons stated that it was staff's view the plant would ideally, except for Cal-ISO mandated testing, only be operated in specific situations where it was ordered to do so to maintain power supply in the event of system breakdown or failure despite it having authorization to operate for a specific number of hours per year. Mr. Irons noted that income would be generated by DWR capacity fees and after they expired a fixed price differential been a locked in low cost and the expected ever rising open energy market would produce substantial revenues even if the plant never actually operated.

In response to questions by President Brooks and Commissioner Sklar, Ms. Leal and Mr. Irons further discussed how the financing could work during the expected 14-year buy-out period.

Ms. Julie Gill of the California Independent System Operator discussed the background of the system improvements that had lead to the closure of the old Bayview Hunters' Point Power plant and the current status of the states' RMR for the Potrero Mirant power plant. Ms. Gill noted that there was no change in Cal-ISO's commitment to the existing approved energy plant and confirmed that RMR status for Mirant could only be removed if the City implemented the energy plan and the specific reliability requirements it had committed to follow. In response to questions from Commissioner Sklar, Vice President Caen, and Commissioner Normandy, Ms. Gill affirmed that Mirant's RMR (Run Must Run) status would be revoked when the combustion turbine project was in place. Otherwise, it would remain.

Commissioner Normandy then laid out the key points of concerns and issues that he believe addressed the core concerns with this project and if answered could provide a framework for making a thoughtful informed decision. (copy of Commissioner's Normandy's framework attached). Commissioner Normandy asked that staff specifically compare and contrast the existing Mirant plant against the proposed CT's as to air pollution generated, noise pollution levels, power capacity, actual footprint of the plant facilities, who controls operation, and what was the true financial cost to the City. Next Commissioner Hochschild observed that this was the biggest most difficult decision that had faced the Commission in recent years and called attention to the expanded power resources provided by the recently approved Transbay transmission cable as well as ongoing effort at demand reduction and to promote energy conservation. Commissioner Hochschild expressed his exasperation that the Commissioners faced making a retrograde choice to put in place another fossil fueled power plant when the city and the agency's strong commitment was to growing and developing local generation of renewable energy resources.

Commissioner Sklar next outlined various scenarios where Cal-ISO could be persuaded to allow Mirant to be closed without or with use of fewer combustion turbines and urged staff to strive for alternatives. Commissioner Normandy noted that consideration of possible alternatives was always useful and also urged that staff continue to examine every possible realistic alternatives. However, Commissioner Normandy observed the pressing question before Commission now was what would affect the closure of Mirant most immediately and that seemed to be going forward with the CT project.

Mr. Philip DeAndrade, Chairman of the Potrero Hill Powers Plant Task Force, next described the lengthy and very difficult six year long community and public input process that led the Task Force to strongly support going forward with the combustion turbines project. This he observed was the only way to insure closure of the existing toxics spewing Mirant plant. Mr. DeAndrade pointed out that in deference to their neighbors in Bayview Hunters' Point, Potrero Hill residents and the Power Plant Task Force had supported closure of the even more severely polluting Pacific Gas and Electric Company (P.G. & E.) Power Plant in that community first and now that that had been accomplished it was only fair and proper to address his neighborhood's longstanding desire to shut down their polluting plant. Mr. DeAndrade applauded everyone's sincere efforts to find renewable alternatives to this choice that would be in an ideal world preferable, but said that given the facts of this situation going forward with the reliability project as planned was the only realistic way to insure Mirant's closure.

10. Discussion and possible action related to SFPUC Resolution No 07-0137, and discussion of the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs)), discussion of the environmental reviews of this project.

4. Public comments on matters to be discussed in Closed Session.

Mr. Joshua Arce, Brightline Defense Project, expressed skepticism that further discussions would lead to any real change, that the result would be not one but two polluting plants operation, and that Mirant intended to keep on running until it no longer made economic sense to do so.

Ms. Marie Harrison, Green Action, emphasized that the proposed new facility was a danger to the community that the City could avoid, and that the City should focus its funds in partnership with the community to develop and promoting clean green

alternatives.

Mr. Francisco da Costa, Director Empirical Justice Advocacy, suggested that the meeting had been improperly noticed; that many of the staff's statement about this project were untrue; that the City had rigged the input process by the exclusion of true community representation for the Power Plant Task Force; and that no one in the community supported installation of the combustion turbines.

Dr. Tompkins likened the antiquated technology of the CT's to an old hot rod and called attention to the neighborhood's history of higher pollution than other parts of the City. and the resulting history of severe health impacts including high rates of asthma among residents.

Mr. Martin Homec, CARE, noted the role of the Federal Energy Regulatory Commission (FERC) in this matter and urged consideration of alternatives.

Mr. Jaron Browne noted that the community was not aware of or fully informed about this project and noted that there was no guarantee that going forward with the CT's would close Mirant.

Dr. Ahimsa Sumchai Porter, a mayoral candidate and Southeast Community resident, commented that in her view there was not sufficient information available to go forward with this project and that there was no guarantee that Mirant would be closed. She noted that this issue should properly be examined in the context of the City's efforts to reduce climate change caused by global warming.

Ms. Silvia Johnson suggested that the Public Utilities Commission did not care about the community and had ignored their complaints about this project, which she said was opposed by the entire community.

Mr. Donnie Chilton Sr., a life long resident of Bayview Hunters' Point, urged the Commissioners not to follow the closure of the Bayview Power plant by opening a new plant in Potrero and said this mistake would be strongly opposed by the community.

Mr. James A. Bryant criticized support of the project as unrepresentative and called attention to what he found to be anti-labor attitude held by JPower. He said going forward was a mistake and the community would not allow it to happen.

Ms. Espanola Jackson, Bayview Hunter's Point, reiterated her longstanding opposition to the CT Project noting that she was there because of concern for the health of her children and grandchildren. Ms. Jackson criticized Supervisor Maxwell's role in supporting this project and called attention to the many other serious environmental problems experienced by Bayview Hunters' Point residents.

Mr. Abram Williams said he lived near the proposed site of the power plant and was very concerned about possible health impacts questioning why old technology that potentially exposed people to health risks was being used instead of green alternatives. He said putting people first was a moral imperative and that San Francisco should be in the forefront of sustainable energy development.

Mr. Lionel McGilberry, noted that he had raised six children in the neighborhood, and many family members has asthma and that he joined with others in strong opposition to installation of what he said were un-needed polluters that would negatively impact children in the community.

An anonymous member of public noted his own five children living in the community and saw no need for this new power plant adding to the already very poor air quality in Bayview Hunters' Point.

Mr. Eddie Kittrell, an elected representative of the residents of the Potrero Hill Annex Housing, criticized what he characterized as deliberate exclusion of himself and other representatives of the community from the ongoing work of the Potrero Hill Power Plant Task Force during the past six years, and urged that this project not go forward until everyone in the community had a voice in the decision.

Mr. Rob Black, San Francisco Chamber of Commerce, expressed the Chamber's concern about installation of the peakers but agreed closure of Mirant was important and urged further digging into the facts before a decision was made.

President Brooks thanked Mr. Black for the Chamber's input and asked what the Chamber of Commerce had done to promote alternative energy sources, conservation, and demand reduction among its member businesses. Vice President Caen noted that the Chamber had helped previously.

Mr. Joseph Bryant reported that his organization had collected 950 signatures opposed to the CT's and asked the Commissioners to consider why it always seemed that polluting facility got located in the southeastern neighborhoods.

Dr. Eddie C. Welborn, Pastor, Ministry Conference, called attention to the many existing concerns in the community about the clean up of the old Naval Shipyard, the impact of the Southeast Treatment facility and said enough is enough and urged that the Commissioners find a way to work with the community to get rid of pollution in the neighborhood.

Mr. Lynne Brown noted that the peaker might be more intrusive and produce more pollution than the existing Mirant Plant and urged the Commissioners not to approve it.

Mrs. Brenda Kittrell cited her chronic bronchitis and said she spoke for the children of the community and the workers at the Muni bus yard near 25th Street and Illinois that might be exposed to further health risks if the CT's were built, instead she urged support for tree planting and opposition to any more polluting facilities in her community.

Ms. Cherie Wells called attention to the needs of her seven children and grandchildren living in the neighborhood and asked as someone who loved their community why it seemed that negative facilities were always placed there.

Ms. Dorothy Minkins noted that both her daughter and herself suffered from breathing difficulties that she feared this plant would make worse and urged opposition to going forward with it.

Mr. Jason Young noted that the people living in the City's Southeastern neighborhoods already faced many challenges and opposed the CT Project as yet another trouble for the community.

Ms. Renita Abrams noted her own breathing problems and noted the existence of the sewer plant as well as other environmental problems in the community.

Ms. Andrea Smith asked that the Commissioners delay making any decision until they had personally come out to additional meetings in the community to gather more input concerning this project.

Mr. Guillermo Rodriguez, A Randolph Institute, urged the Commissioner to look beyond their staff's presentation and suggested that the likely result of going forward would be two polluting plants instead of one. He urged the Commissioners to direct their staff to consider the various green alternatives proposed by his organization.

President Brooks commented he found Mr. Guillermo's comments disingenuous noting that this situation was the result of P.G. & E. pulling out of the efforts to find a solution at the 11th hour and the City to having to scramble quickly to find another solution that would close the Mirant Plant. Commissioner Sklar commented that the Commission had not properly considered options such as using only two combustion turbines or convincing Cal-ISO that the creation of the Transbay Cable and ongoing energy conservation and demand reductions could provide the guarantee of reliability that they were seeking.

Mr. Eric Brooks, Our City & San Francisco Green Party, reported that the Green Party was opposed to installation of the peakers and suggested that green alternative could be put in place to close Mirant immediately and that greater efforts needed to be made to convince the Energy Industry dominated Cal-ISO that the recently approved Transbay Cable and, implementation of expanded alternative energy production proposed under Community Choice Aggregation (CCA) as well as ongoing energy conservation could provide a better way to insure energy reliability instead of relying on an energy source of the past.

Mr. Larry Lattimore, POWER, asked how did we get here and why were we obligated to use outdated polluting technology when there were ample solar power resources that could be used instead. Mr. Lattimore did not understand why funds allocated to build the CT's not be used instead to create renewable energy resources that would generate sufficient power to guarantee reliability as well as sell to local users, especially given the existing health concerns in the community.

Mr. Joe Boss, Potrero Hill Power Plant Task Force and a nearby resident of the Dogpatch community the location of the existing and proposed facility, urged the Commissioners support the six year long effort by the Potrero Hill community to find and build an alternative to the severely polluting Mirant Plant. He noted that the proposed CT's Project was, in the community's view, the only reliable guarantee that Mirant would be closed. Mr. Boss noted putting in the CT's was not the shot in the dark that its critics described it as, but was instead the result of an extensive years long community process.

There followed a discussion among the Commissioners concerning various points raised during the discussion of the proposed project with questions concerning possible alternative solutions being suggested by Commissioner Sklar. Vice President Caen asked about using solar resources to meet the projected energy needs. Commissioners Sklar and Hochschild urged their colleagues to undertake a very careful consideration of all of the facts heard as well as consider what additional efforts were possible to find an alternative solution. Further discussion of these issues was then deferred to hearing information to be presented in closed session.

CLOSED SESSION

Additional **Public Comment** on closed session

The Public Utilities Commission met in Closed Session at 2:30 P.M.

Following the Closed Session, the Commission reconvened in Open Session at 3:52 P.M.

18. Announcement following Closed Session.

President Brooks announced that no action had been taken during the Closed Session.

19. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Hochschild, seconded by Commissioner Sklar not to disclose the discussions during Closed Session; passed (5-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:53 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTO_ID/369/C_ID/3702

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, October 23, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

10-19-07 ADB:32 REVO

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SAN FRANCISCO
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DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

a) Minutes of the October 9, 2007, Regular Meeting

4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

a) The 2007 O'Shaughnessy Awards *(Leal)*

b) Water System Improvement Program/Capital Program/
Wastewater Master Plan *(Irons)*

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a) BAWSCA Update

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-391, Folsom and 16th Streets/Excelsior Avenue Sewer Replacement and Pavement Renovation, by Harty Pipelines, Inc., for a total contract amount of \$791,727.78, and authorize final payment, in the amount of \$83,730.26, to the contractor.

REGULAR BUSINESS

10. Staff presentation, discussion and action related to SFPUC Resolution No 07-0137, discussion of the proposed San Francisco Electric reliability Project (the Combustion Turbines (CTs)), discussions of the environmental reviews of this project, and the JPower contract. *(Leal, Irons, Hale)*

CONSTRUCTION CONTRACTS

Award

11. Discussion and possible action related to approval of the plans and specifications and award Wastewater Enterprise 5-Year CIP-funded Contract No. WW-452 Oceanside Water Pollution Control Plant HVAC Improvements, in the amount of \$15,262,000, to the lowest, qualified, responsible and responsive bidder, Shimmick Construction Co., Inc. *(Wong)*

- Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise 5-Year CIP-funded Contract No. WW-452 Oceanside Water Pollution Control Plant HVAC Improvements, in the amount of \$15,262,000, to the lowest, qualified, responsible and responsive bidder, Shimmick Construction Co., Inc.

PROFESSIONAL SERVICE CONTRACTS

12. Discussion and possible action related to approval of Amendment Numbers 1 to 3 to Agreement Numbers CS-825A, B, and C, Specialized and Technical As-Needed Services for the Wastewater Enterprise for extended specialized and technical as-needed services for the Wastewater Enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these three amendments and with a time extension of twenty-four months *(Navarret/Hurst)*

Staff Recommendation: Approve Amendment Numbers 1 to three to Agreements Numbers CS-825A, B, and C, Specialized and Technical As-Needed Services for the Wastewater Enterprise with, respectively, Metcalf & Eddy (M&E), Water Resources Engineering (WRE) Joint Venture (M&E/WRE JV); MWH Americas, Inc (MWH), and RMC Water and Environment Inc. (RMC), for extended specialized and technical as-needed services for the Wastewater Enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these three amendments increasing each agreement by \$500,000, for a total agreement amount of \$1,500,000 each, and with a time extension of twenty-four months. These amendments would increase the total CS-825 agreement amount from \$3,000,000 to \$4,500,000 and extend the total agreement duration from three years up to five years.

13. Discussion and possible action related to approval of Approve Amendment Numbers 1 to 4 to Agreement Numbers CS-837A, B, C, and D, Specialized and Technical As-Needed Services for the Water Enterprise for extended specialized and technical as-needed services for the water enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these four amendments and with a time extension of eighteen months. *(Carlin)*

Staff Recommendation: Approve Amendment Number 1 to four Agreements, Numbers CS-837A, B, C, and D. Specialized and Technical As-Needed Services for the Water Enterprise with, respectively, CDM Corporation (CDM), RMC Water and Environment Inc. (RMC), Metcalf & Eddy (M&E) and Water Resources Engineering (WRE) Joint Venture (M&E/WRE), and Black & Veatch (B&V), Avila & Associates (Avila) Joint Venture (B&V/Avila), for extended specialized and technical as-needed services for the water enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these four amendments increasing each agreement by \$800,000, for a total agreement amount of \$2,400,000 each, and with a time extension of eighteen months. These amendments would

increase the total CS-837 agreement amount from \$6,400,000 to \$9,600,000 and extend the total agreement duration from three years up to five years.

CLOSED SESSION

14. Public comments on matters to be discussed in Closed Session.
15. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

16. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). *(Ambrose)*

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) *(Ambrose)*

Anticipated Litigation: As plaintiff.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

18. Announcement following Closed Session.
19. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





ADDENDUM TO PUC AGENDA

SAVIN NEWSOM
MAYOR

RYAN L. BROOKS
PRESIDENT

ANN MOLLER CAEN
VICE PRESIDENT

E. DENNIS NORMANDY
RICHARD SKLAR
DAVID HOCHSCHILD

SUSAN LEAL
GENERAL MANAGER

Tuesday, October 23, 2007
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

10-22-07 09:15 0290

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REGULAR BUSINESS

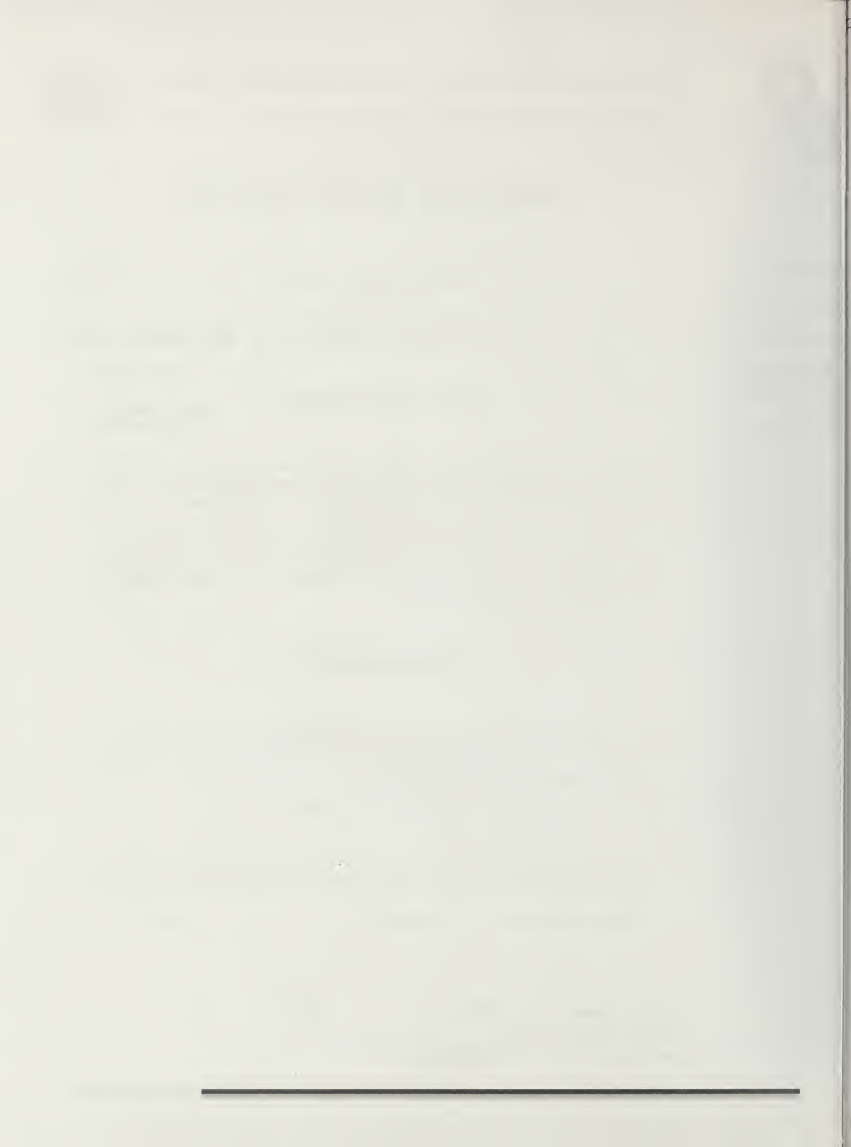
- 20 Discussion and possible action to authorize the General Manager of the SFPUC to enter into a revocable permit between the City and County of San Francisco and A. TEICHERT & SON, INC., a California corporation to enter upon and use that certain real property owned by City situated in the County of San Joaquin, State of California, more particularly described in Exhibit A attached to the Permit, for the limited purpose and subject to the terms, conditions and restrictions set forth in the Permit included in the staff report for this item, and adopting findings pursuant to the California Environmental Quality Act.

CLOSED SESSION

21. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: located at 25th Street and Maryland in San Francisco, California. (Hale)
Negotiator for the SFPUC: Barbara Hale Negotiator: JPower.
22. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2)
Anticipated Litigation: As defendant. (Ambrose)

Posted October 19, 2007

Michael Housh, Secretary
San Francisco Public Utilities Commission





SAN FRANCISCO Public Utilities Commission

10/23/07 Minutes San Francisco Public Utilities Commission

Published: 11/15/2007 | Updated: 12/17/2007

Published By: Commission

MINUTES**REGULAR MEETING**

Tuesday, October 23, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Richard Sklar

The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

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JUN 24 2008

SAN FRANCISCO
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1. Call to Order: 1:37 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy,

Commissioner Richard Sklar and Commissioner David Hochschild were expected to join the meeting shortly.

3. Approval of Minutes

Moved by Vice President Caen, seconded by Commissioner Normandy, to adopt the Minutes of the October 9, 2007, Regular Meeting; passed (3-0 Brooks, Caen, Normandy) unanimously.

Commissioner David Hochschild returned 1:45 P.M and Commissioner Richard Sklar arrived at 1:46 P.M.

4. Public Comment

Mr. Francisco da Costa, Environmental Justice Advocacy, called the Commissioner's attention to a multiplicity of environmental issues including the Islais Creek conduit, and odor problems at the Southeast treatment plant that he said needed attention and leadership instead of racism and neglect. He urged that the Commissioners listen to the community and join with residents to find solutions to the serious environmental concerns in their community.

Ms. Espanola Jackson, Bayview Hunters' Point resident and civic activist, discussed the Commission's upcoming November 13th meeting at the Southeast Community Facility, opposed plans to place the new digesters on Port Property at Pier 94-96, saying that the existing facilities should be rebuilt where they were despite the recommendations of the Citizens Advisory Committee. Ms. Jackson reported that she was satisfied after a recent visit to the plant that they could be appropriately replaced where they were. Ms. Jackson further suggested that meetings of the Citizens Advisory Committee, (CAC) be held in the neighborhood rather than on Mission Street, where they currently met.

Ms. Dedria Smith asked President Brooks if the CT's would be discussed at the Commission's November 13th meeting in the community and asked that action on this matter be postponed until then.

President Brooks said he would respond to her inquiry after Agenda Item 10.

Ms. Orleyonna Johnson urged that the critical health needs of the community have priority, calling attention to the severe problems with asthma experienced by her own family and many others in the community and requested that the Commissioners seek alternatives that would better their situation.

President Brooks clarified that this public comment agenda item was only to comment on any items not on today's agenda.

5. Communications

President Brooks inquired about the report of the death of a contractor's worker at Crystal Springs and was informed by the General Manager that the incident had been at the Sunset Reservoir and had been reported at a prior Commission meeting. Ms. Leal then explained what had occurred and what steps were underway in response to this unfortunate situation.

6. Commission Business

There was no discussion.

7. Report of the General Manager

a) The 2007 O'Shaughnessy Awards

General Manager Susan Leal recognized O'Shaughnessy Award winners. The following names were announced:

Employee Nominated by Peer: Calvin Holmes - Wastewater Enterprise Ryan Cayabyab - Construction Management Bureau
Johnny Wong - Project Management Bureau Tamara Lowery Jones - Human Resource Services

Employee Nominated by Supervisor: Linda Leong - Wastewater Enterprise Carlos Jacobo - Finance Emelito Llerena - Field Services - Customer Service Bureau

Supervisor Nominated by Staff: Carolyn Jones - Health & Safety - Human Resource Services Team Award: Infrastructure Community Outreach: Carol Isen Vitus Leung Ardis Graham Bill Irwin Lihmeei Leu Iris Martin-Lopez Brenda "BJ" Jones Ed Manning, Parsons Jessica Romm, Parsons Brian Thomas, Parsons

The Commissioners congratulated and thanked the 2007 O'Shaughnessy Award honorees and invited this year's Award winners to join them for a commemorative photograph.

b) Water System Improvement Program/Capital Program/ Wastewater Master Plan

Deputy Manager Tony Irons reported on the Water System Improvement Program.

The Deputy General Manager discussed the planned third workshop to take up analysis of the questions raised of the risk assessment produced by Parsons and Hill. Mr. Irons observed that this third workshop would be a very important and substantive workshop, and that it would address the entire Program's schedule and budget and scope of work. The Deputy General Manager reported that Ms. Labonte had reviewed the questions that the risk assessment raised and considered all of those things and mechanisms that staff would need to employ to mitigate. He continued that Ms. Labonte would present all of this information in a fairly intensive workshop that would set out what these issues mean to the Water System Improvement Program's budget, schedule, and scope of work and then lay out for the Commissioners how the Program goes forward and remains on budget and on schedule. In addition, Mr. Irons noted any budget or schedule alterations and various options that may be necessary to make that happen would be fully presented. The Deputy General Manager continued that the 3rd Workshop would be very important and would be scheduled shortly. Mr. Irons noted that it was his plan that such re-assessments of the program should probably re-occur every couple of years with another risk assessment as the Program goes forward to insure it stays on track as planned. Mr. Irons noted that the Commission would have an opportunity to say, these changes make sense, and potentially if there were to be any changes in scope or schedule, significant to warrant an AB-1823 legislative 30-day public hearing process, the San Francisco Public Utilities Commission would then move forward with that. Mr. Irons noted that that this point in the discussion he was encouraged and after preliminary meetings with Ms. Labonte and Harlan Kelly, staff would bring its information forward.

8. Bay Area Water Supply & conservation Agency (BAWSA) General Manager's Report.

General Manager Art Jensen reported that he would have a brief report as he had expected to present comments on the PEIR, but rather than do that, he would like to discuss them with the General Manager and staff and bring them forward at a later time.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent

Calendar and considered as a separate item. Moved by Commissioner Normandy, seconded by Commissioner Sklar, to adopt items (a) listed under the Consent Calendar; passed (Brooks, Caen, Normandy, Sklar and Hochschild 5-0) unanimously.

a) Resolution No. 07-0183: Accept work performed for Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-391, Folsom and 16th Streets/Excelsior Avenue Sewer Replacement and Pavement Renovation, by Harty Pipelines, Inc., for a total contract amount of \$791,727.78, and authorize final payment, in the amount of \$83,730.26, to the contractor. President Brooks stated that the Commission would return to Agenda Item 10 after completion of the other business of the Commission.

CONSTRUCTION CONTRACTS

Award

11. Discussion and possible action related to approval of the plans and specifications and award Wastewater Enterprise 5-Year CIP-funded Contract No. WW-452 Oceanside Water Pollution Control Plant HVAC Improvements, in the amount of \$15,262,000, to the lowest, qualified, responsible and responsive bidder, Shimmick Construction Co., Inc.

Moved by Commissioner Sklar, seconded by Commissioner Normandy, to adopt the following resolution; passed (Brooks, Caen, Normandy, Sklar, and Hochschild 5-0) unanimously.

Resolution No. 07-0184: Approve the plans and specifications and award Wastewater Enterprise 5-Year CIP-funded Contract No. WW-452 Oceanside Water Pollution Control Plant HVAC Improvements, in the amount of \$15,262,000, to the lowest, qualified, responsible and responsive bidder, Shimmick Construction Co., Inc.

PROFESSIONAL SERVICE CONTRACTS

12. Discussion and possible action related to approval of Amendment Numbers 1 to 3 to Agreement Numbers CS-825A, B, and C, Specialized and Technical As-Needed Services for the Wastewater Enterprise for extended specialized and technical as-needed services for the Wastewater Enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these three amendments and with a time extension of twenty-four months (Navarret/Hurst)

Moved by Commissioner Sklar, seconded by Commissioner Caen, to adopt the following resolution; passed (Brooks, Caen, Normandy, Sklar and Hochschild 5-0) unanimously.

Resolution No. 07-0185:

Approve Amendment Numbers 1 to three to Agreements Numbers CS-825A, B, and C, Specialized and Technical As-Needed Services for the Wastewater Enterprise with, respectively, Metcalf & Eddy (M&E), Water Resources Engineering (WRE) Joint Venture (M&E/WRE JV); MWH Americas, Inc (MWH), and RMC Water and Environment Inc. (RMC), for extended specialized and technical as-needed services for the Wastewater Enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these three amendments increasing each agreement by \$500,000, for a total agreement amount of \$1,500,000 each, and with a time extension of twenty-four months. These amendments would increase the total CS-825 agreement amount from \$3,000,000 to \$4,500,000 and extend the total agreement duration from three years up to five years.

13. Discussion and possible action related to approval of Approve Amendment Numbers 1 to 4 to Agreement Numbers CS-837A, B, C, and D, Specialized and Technical As-Needed Services for the Water Enterprise for extended specialized and technical as-needed services for the water enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these four amendments and with a time extension of eighteen months. (Carlin)

Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt the following resolution; passed (Brooks, Caen, Normandy, Sklar and Hochschild 5-0) unanimously.

Resolution No. 07-0186:

Approve Amendment Number 1 to four Agreements, Numbers CS-837A, B, C, and D, Specialized and Technical As-Needed Services for the Water Enterprise with, respectively, CDM Corporation (CDM), RMC Water and Environment Inc. (RMC), Metcalf & Eddy (M&E) and Water Resources Engineering (WRE) Joint Venture (M&E/WRE), and Black & Veatch (B&V), Avila & Associates (Avila) Joint Venture (B&V/Avila), for extended specialized and technical as-needed services for the water enterprise, and authorize the General Manager of the San Francisco Public Utilities Commission to execute these four amendments increasing each agreement by \$800,000, for a total agreement amount of \$2,400,000 each, and with a time extension of eighteen months. These amendments would increase the total CS-837 agreement amount from \$6,400,000 to \$9,600,000 and extend the total agreement duration from three years up to five years.

20. Discussion and possible action to authorize the General Manager of the SFPUC to enter into a revocable permit between the City and County of San Francisco and A. Teichert & Son, Inc., a California corporation to enter upon and use that certain real property owned by City situated in the County of San Joaquin, State of California, more particularly described in Exhibit A attached to the Permit, for the limited purpose and subject to the terms, conditions and restrictions set forth in the Permit included in the staff report for this item, and adopting findings pursuant to the California Environmental Quality Act.

Moved by Commissioner Sklar, seconded by Vice President Caen, to adopt the following resolution; passed (Brooks, Caen, Normandy, Sklar and Hochschild 5-0) unanimously.

REGULAR BUSINESS

10. Staff presentation, discussion and action related to SFPUC Resolution No 07-0137, discussion of the proposed San Francisco Electric reliability Project (the Combustion Turbines (CTs)), discussions of the environmental reviews of this project, and the JPower contract. (Leal, Irons, Hale)

Commission Discussion

President Brooks took a point of personal privilege as Chair to request that the members of the public wishing to comment on Agenda Item 10 wait briefly before the start of public comment so that a representative from the Bay Area Air Quality Management District could give an informational presentation. But first the Commission President called on Commissioner Normandy to offer comments that would better allow the Commissioners to frame the Bay Air Quality District representative's comments, so it would be easier to check off the areas of concern as they are addressed.

Commissioner Normandy said, "At the heart of the proposed Potrero "peaker" plant/combustion turbine issue is its effect on the quality of life for every San Franciscan, both today and well into the future. We at the SFPUC owe it to ourselves and our constituents to pause and frame our deliberations in simple terms easily understood by the average layperson.

Simple does not mean simplistic. But by focusing our discussions on the core issues and keeping our verbiage concise and easy to grasp, we meet one of this Commission's key obligations: to provide the public with access to our thinking, to our priorities, and to the process by which we propose to arrive at a decision.

Finally, by putting these goals and core issues in writing (and providing copies to any interested parties) we hold ourselves publicly accountable to the process that should allow us to reach our stated objectives of supplying in-city power capacity while protecting people and the environment."

Commissioner Normandy then presented again the following points to make clear the issues and questions before the Commission that would frame discussion and inform their decision-making.

MAIN OBJECTIVES

1. To provide in-city reserve-generation capacity in compliance with ISO requirements
2. To protect people and the environment

CORE-ISSUE QUESTIONS

1. What guarantee exists that Mirant will shut down once the CTs are installed?
2. What prevents JPower from running the CTs beyond The City's needs?
3. What is the financial burden on The City?
4. Are the CTs today's best options?

Commissioner Normandy then noted that these seem simple questions, but if you analyze every single word, each had meaning and drive the complexities of the discussion. What Commissioner Normandy wanted was to make sure that the Commission agreed that these are the issues that had to be settled and met head on, and when the Commissioners had satisfactory answers to these questions, then and only then, can they make a decision that will meet the two objectives: to provide the mandated capacity for in-city generation; and to protect the people and the environment.

Commissioner Sklar observed that there had been discussions concerning the best way to understand the existing situation. He then asked that Mr. Barry Young, a representative of the Air Quality District to present slides showing what was going on with the existing Mirant Plan. Commissioner Sklar noted the first issue involved unit 3, a gas fired turbine that basically produced

97% of the energy of the plant. The second part, were the three diesel fire units that only generated 3% of the energy produced by the existing Mirant Plant. Commissioner Sklar then pointed out that the next slide showed that these diesel units were responsible for 60% of the NOX pollution and that the gas turbine CT unit was only responsible for 40%. The Commissioner observed that Mr. Young's slides demonstrated that the pollution problem was primarily with the diesel units. Commissioner Sklar next reported that what he had tried to do was break down this conversation into three issues; the peakers's were a concern but Commissioner Sklar observed that the data showed pollution was significantly higher for the diesel units than the one gas unit. Commissioner Sklar observed that another problematic issue was that existing gas unit, 3, because it could not be turned on and off had to be constantly on there and run longer. Examining the data presented Commissioner Sklar then noted in total emissions, unit 3 versus the peakers came out to 36 tons versus 26, noting that the peakers had fewer emissions. In contrast and to put this discussion in perspective, Commissioner Sklar noted what was interesting was that difference compared to mobile vehicles that produced 16,000 tons of NOX. Commissioner Sklar then asked Mr. Young if he could begin by explaining how the Air Board views these emissions and why they were a concern for health.

Mr. Young, the Air Quality Management Manager of the Air Quality District began by discussing the reason that NOX, which he explained referred to nitrogen oxide, reacts with sunlight to form ozone and was one of the pollutants that the Air District was most interested in as ozone at ground level was hazardous to breathe and degrades property and vegetation. Mr. Young continued noting that ozone was a problem related to NOX emissions and those also contribute to the formation of nitrates that release the particulates into the air. President Brooks asked about related health problems and was informed that related health problems were asthma and possible lung problems. Mr. Young then noted that we have an air quality standard in California, ambient air quality standard, and that these were a pollutant that could be harmful to public health.

Commissioner Sklar then requested clarification of the data discussed noting that NOX emissions in the City were reported as around 16,000 tons a year and from these two facilities, and one peaker 16 tons or 26. He noted that if that was the case, then I-280 and 101 dwarf the impact of these plants on the neighborhood. Mr. Young replied that the reported numbers reflected the whole San Francisco.

Responding to a question by President Brooks, Mr. Young observed that on the diesel turbines there was a new code in place and by 2009 it would be likely to require those turbines to close. Mr. Young reported that the Air Quality District had in 2006 amended our regulation 9, our gas turbine rules there is a requirement in the gas turbine rule that any non-gas turbine can only emit up to 42-ppm NOX emissions and the Mirant diesel turbines would not be able to meet that. Commissioner Sklar asked "so in layman's terms, in two years they won't be able to use these diesel CT's? Mr. Young replied that that was right and that January 1, 2010 would be the effective date of the new rules. Mr. Young further reported the diesel turbines would need to be retrofitted if they were to continue to be operated therefore making it highly likely that the diesels would be closed in the end of 2009.

Mr. Young was asked was there a reason to retrofit as these are old turbines and they have been there a long time. He responded by saying that was an economic issue whether to retrofit. Commissioner Sklar noted that this new information goes to Commissioner Normandy's question of closing down Mirant, and the realistic feasibility of its staying open. The General Manager responded noting that deciding factor in that the decision would be based on its Run Must Run (RMR) requirement and what would happen, citing as example the Regional Water Control Board finding that base load plant no. 3 was out of compliance and was putting superheated water into the Bay that was overruled because this plant has an RMR, it was still running, still using water for cooling, and still putting super-heated water into the Bay that is how historically these regulatory conflicts have come out.

There then followed a discussion among the Commissioners concerning various options that could produce less pollution and how a determination could be made that the peakers, should they be approved, could only be operated when ordered to do so by Cal-ISO for purposes of system reliability. President Brooks then returned to health concerns and asked Dr. Mitch Katz, the Director of the San Francisco Department of Public Health to discuss what public health related issues existed and how such effects could be addressed. Dr. Katz presented a brief overview of the Health Department views concerning this matter concluding that the public health issues related to installation of the Peakers were not significant. Dr. Katz noted that the planned mitigation effects would actually result in a overall healthier environment in the Community, with the intensive street cleaning proposed actually removing significant amounts of pollutants already in the community not created by the facility.

Commissioner Sklar disagreed suggesting these were two separate questions. Commissioner Sklar heard Mr. Young had said that the three diesels would have to close in 2009 unless retrofitted and the economics of retrofitting would be high and since they only produce 3% of the power, they could disappear from our life. Barbara Hale Assistant General Manager for Power responded explaining that in the past we have resolved this conflict and when the facility needed to meet new air regulations through unit 3, it's very expensive to retrofit that unit that was constructed and became operational in 1965. It's expensive and not an economic choice to add that selective catalytic equipment and because it's needed for reliability and the California Independent System Operator had compensated Mirant for those additional costs. Because the unit 3, 4 and 6 are needed for reliability purposes, the Cal-ISO had in the past stepped in to resolve that conflict between mandated air quality investment and need for reliable electricity and had chosen to ensure that the power plant developer, in this case Mirant remained in operation with its costs funded through the reliability contract. Ms. Hale then explained when the Cal-ISO removed the RMR

contract from Mirant they would stop using public dollars to fund Mirant and that the Cal-ISO was on record that they would remove the RMR from Mirant once the CT's were in place. Commissioner Sklar noted that this was a nice bit of information that the Commissioners did not have before and what was relevant, as Ms. Hale had brought up was what Cal-ISO has done historically. Where things stood now Commissioner Sklar observed was a very different situation. He supposed under the previous circumstances he would opt to do something to protect 97% of his interest, but was not sure he would do the same for 3%.

Commissioner Sklar thanked Mr. Young for coming; noting his agency had done a spectacular job, that he was grateful, and hoped in the future, the SFPUC could work more closely for better air quality for the district. Mr. Young thanked the Commissioners for being asked to be involved in the process and noted the Air District had staff who had permitted all of the power plants in the Bay Area had a lot of experience, and would be happy to work with the SFPUC. Commissioner Sklar then asked Mr. Young consider and report on the question of what might be possible if the CT Project ended up with only 2800 hours that the diesels run instead of 9000 running hours and what would be the NOX emissions from a 2800-hour run time? Mr. Young responded that the Air Quality District had a spreadsheet that they could provide to the SFPUC's staff that could easily model any change in proposed hours of run time.

Commissioner Hochschild expressed his thanks and appreciation to the Bay Air Quality Management District staff for all of their assistance with the PC permit and for the data made available at the meeting, and for their support for Ms. Hale and her staff as they move forward and continue to get updated information.

Commissioner Sklar concluded the Commission discussion by noting that the Commission would do well if not perfectly by closing Mirant and outlined what he believed to be the major points to be addressed. These he identified as: know the certainty that Mirant would be closed; have ironclad terms that JPower would only operate the plant for reliability; reduce the City's financial burden by eliminating as much of the cash payment as could be and if possible reduce the number of CT's to the minimum required and sell off the others; questions relating to the Airport's CT would be their responsibility and the SFPUC should have no role its producing power commercially; and lastly that no decision should be made until these issues were resolved.

Public Comment

Ms. Espanola Jackson, Bayview Hunters' Point resident and civic activist, called the Commissioners attention to a recent San Francisco Examiner article on global warming, noting in particular its report of increased flooding risks to the sites where this plant was proposed to be located. Ms. Jackson thanked the Commissioners for their work on this issue and announced she was off to a meeting of the Port Commission to address their role in this process.

Mr. Francisco da Costa recalled his long opposition to this plant and many previous complaints concerning environmental neglect in the Southeastern communities. Mr. daCosta further alleged that there was a scandal and that people were playing games at the Regional Water Board. Mr. daCosta urged that the Commissioners think outside the box and take action to prevent harm to the children of the community.

Ms. Marie Harrison, expressed appreciation for the comments brought forward and asked that the Commissioners engage closely with the community before making any decision. Ms. Harrison called attention to the severe need for real environmental improvements in her community and requested that attention be paid to the cumulative effects of any increase in pollution.

Ms. Tamika Trammell speaking for the mothers of the community said that her community did not need or want the CT's or any more pollution.

Mr. Joseph Bryant, noted that there was a lot of new information to digest and thanked the Commissioners for making a serious effort to consider the issues. Mr. Bryant urged that the Commission bring this issue out into the community, where he said many still did not know or understand what was being proposed. Mr. Bryant observed that pollution at any level was still pollution and questioned why Potrero Hill was the site for another power plant just as bad as the one the community had been fighting to close.

Mr. Donnie Chilton, Sr. asked that the Commissioners meet in the community on even ground as many were unable to come to City Hall to express their opposition to this proposal.

Mr. Joshua Arce, Brightline Defense, lauded Commissioner Normandy's efforts to clearly frame the issues at hand and thanked Commissioner Hochschild for bringing forward critical information from the Air Quality District. Mr. Arce asked that the Commission take time to consider all of the issues and options and bring a green alternative to the California Independent System Operator (Cal-ISO) that they could choose instead of the out-dated CT's.

Ms. Dedria Smith asked how the Commissioners could hold their planned November 13th meeting in District 10 and not

address the questions about the CT's? Ms. Smith said that the community was united in opposition to the CT's and they would most certainly bring this matter up at that meeting.

Ms. Orleyanna Johnson noted that new light was shed on this matter at every meeting and this demonstrated that no one was as yet fully informed about this question and therefore no decision should be made until all of the information was brought to light, and shared with the community. Ms. Johnson said that a bright picture of Mirant closing was being painted but that her community was still suffering and that it made no sense to put in old polluting technology.

Mr. Daniel Cain called attention to a recent Channel-2 special on asthma and said that all the community wanted was for their children to have clean air to breath urging that the Commissioners oppose any new polluting facilities in his community.

Mr. Gerald, a lifelong Bayview Hunters' Point resident said, "enough is enough" and urged that the Commissioners reject the CT's.

Mr. James Bryant noted that everyone participating in this discussion was part of San Francisco's family and that his community would continue their opposition to the CT's until their last breath as they has suffered enough and would not allow any new toxic facility to be built in their neighborhood.

Mr. Leesha Langlois, Close It Coalition, asked that the Commissioners first consider the importance of safe clean air and the needs of the growing children in the community and stop the CT Project.

Ms. Patricia Fry, a 30 year Bayview Hunters' Point resident, spoke in opposition to the CT Facility noting that she and members of her family already suffered from asthma and that she did not want any new power plant to add to their suffering.

Mr. Dennis Lamazea longtime community resident characterized the planned CT Facility as genocide and reflected racism against his community under a philosophy that money had a higher value than people. He said he was appalled that this effort to poison the community was going on and urged that it be stopped.

Mr. John Rizzo, representing the Bay Chapter of the Sierra Club, informed the Commission of the Chapter's opposition to the CT Facility recalling a previous negative experience with a Muni Facility in the Southeastern neighborhood. Mr. Rizzo asked that the Commissioners consider wider pollution issues that were creating climate change and reject use of 19th century technology and instead invest in the community with 21st century green models.

Mr. Bennie Taylor longtime resident pointed to the very different and clean air quality found in the City's Southwestern neighborhoods in contrast to the pollution in the Southeastern ones and noted that the residents of Bayview Hunters' Point had suffered enough from toxic facilities and urged that green alternatives, such as solar be found.

Ms. Jennifer Isaacs asked that the Commissioners delay making any decisions and take time to consider all of the facts. She asked that the Commission consider holding several evening meetings in the community to allow others to express their opposition to this plan.

Ms. Renita Abrahms called the Commissioner's attention to the high rates of asthma and lung disease in her community noting that both she and her daughter suffered as a result of the already existing high levels of pollution in her neighborhood.

Mr. Abram Gomez, a resident of Dogpatch expressed concern that apparently profit outweighed the needs of people and asked that the commissioner only act to make the best choice for the community saying he believed that there was a technology that could be found to provide the power without the pollution.

Mr. Joe Boss a resident of Dogpatch, neighbor of both the exiting Mirant Plant and the proposed CT's Facility, and member of the Power Plant Task Force applauded Commissioner Normandy's and Commissioner Hochschild's efforts to provide clarity and accurate information about the facts of this matter. Mr. Boss then reiterated that throughout eight years of an extensive community process to shut down first the Bayview Hunters' Point Power Plant and now Mirant every effort had been made, including Supervisor Sophie Maxwell's authoring and adoption of a citywide energy plan in 2002 that provided the framework for development of solar, wind and other clean energy, had, at the end of the day, led to the imperfect fact that without the CT's Mirant could not be closed due to the mandate that there be a reliable in-city source of power.

Commission response to Public comment

President Brooks noted that an update on CT's would be presented at the Commission's November 13, 2007 evening community meeting at the Southeast Community Facility.

President Brooks recommended that the item be continued until next week. General Manger Leal responded reporting that staff was working with the Mayor's Office and other folks in order to have fully vetted the different financial options and also be

prepared to answer Commissioner Normandy's list and matters raised by other Commissioners as well as what was heard in public comment.

Moved by Commissioner Sklar, seconded by Vice President Caen, to continue this item to the call of the chair, passed (Brooks, Caen, Normandy, Sklar and Hochschild 5-0) unanimously.

Commissioner Sklar thanked Ms. Hale for her detailed and informative report to the Commissioners on the on-going installation of the energy saving light bulbs as requested by the Commission. Commissioner Sklar urged Ms. Hale to ask the Mayor to bring this issue to other City Departments and encourage both city agencies and residents to convert to the more energy saving bulbs.

President Brooks then announced there would be no closed session and that those agenda items were taken off calendar. He then moved to adjourn the meeting

CLOSED SESSION

16. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

17. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) Anticipated Litigation: As plaintiff. (Ambrose)

There being no further business to discuss, the meeting was adjourned at 3:15 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3704

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

10-26-07 10:11 AM

AGENDA

DOCUMENTS DEPT.

SPECIAL MEETING

OCT 26 2007

Wednesday, October 31, 2007
2:30 P.M.

SAN FRANCISCO
PUBLIC LIBRARY

NOTE DIFFERENT DAY/START TIME

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: softf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call

CLOSED SESSION

3. Public comments on matters to be discussed in Closed Session.
4. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

5. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: located at 25th Street and Maryland in San Francisco, California. *(Hale)*
Negotiator for the SFPUC: Barbara Hale Negotiator: JPower.
6. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) Anticipated Litigation: As defendant. *(Ambrose)*

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

7. Announcement following Closed Session.
8. Motion regarding whether to disclose the discussions during Closed Session.
9. Staff presentation, discussion and action related to matters addressed in the SFPUC Resolution No 07-0137, including the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs) and related facilities), the JPower agreements and leases, and any related agreements, authorizations and permits required from other City Departments or federal, state or local agencies pertaining to this Project, and adopting findings pursuant to the California Environmental Quality Act. *(Leal, Irons, Hale).*

ADJOURNMENT of the Special Meeting

Secretary, SFPUC
City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

RETURN SERVICE REQUESTED



SAN FRANCISCO Public Utilities Commission

10/31/07 Minutes Special Meeting San Francisco Public Utilities Commission

Published: 12/12/2007 | Updated: 12/17/2007

Published By: Commission

MINUTES**SPECIAL MEETING**

Wednesday, October 31, 2007

2:30 P.M. NOTE DIFFERENT DAY/START TIME

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Richard Sklar

The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

DOCUMENTS DEPT.

JUN 24 2008

SAN FRANCISCO
PUBLIC LIBRARY**ORDER OF BUSINESS:**

1. Call to Order: 2:40 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner David Hochschild.

President Brooks announced that the agendaed Closed Session would not be held and proceeded to begin the meeting with Agenda Item 9.

CLOSED SESSION

5. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: located at 25th Street and Maryland in San Francisco, California. (Hale) Negotiator for the SFPUC: Barbara Hale Negotiator: JPower.

6. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) Anticipated Litigation: As defendant. (Ambrose)

President Brooks thanked Commissioner Sklar, and Jesse Blout of Mayor Gavin Newsom's office for their hard work in bringing a successful conclusion to the long effort to close the Mirant Plant and make this proposed agreement better.

General Manager Susan Leal then reported to the Commissioners concerning recent developments regarding the reliability project following action by the Board of Supervisors led by Board President Peskin and Mayor Newsom in negotiating successfully to guarantee the closure of the Mirant Power Plant when the combustion turbine (CT's) facility went online.

Commissioner Normandy then requested a review of the main objectives that he reported on at the last October 23, 2007, regular meeting. These objectives were:

MAIN OBJECTIVES

1. To provide in-city reserve-generation capacity in compliance with ISO requirements
2. To protect people and the environment

CORE ISSUE QUESTIONS

1. What guarantee exists that Mirant will shut down once the CTs are installed?

2. What prevents JPower from running the CTs beyond The City's needs?
3. What is the financial burden on The City?
4. Are the CTs today's best options?

Assistant General Manager for Power Barbara Hale distributed to the Commissioners a matrix report that responded to Commission Normandy's questions. Commission Secretary Michael Housh then read Agenda Item 9.

9. Staff presentation, discussion and action related to matters addressed in the SFPUC Resolution No 07-0137, including the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs) and related facilities), the JPower agreements and leases, and any related agreements, authorizations and permits required from other City Departments or federal, state or local agencies pertaining to this Project, and adopting findings pursuant to the California Environmental Quality Act.

Commissioner Sklar lauded Mr. Blout's hard work in taking this process forward and noted that the Mayor's involvement had achieved a much better deal with significant financial savings. Commissioner Sklar then proposed inclusion of several key amendments to specifically assure that the Commission's intentions concerning the Combustion Turbines (CT's) facility were clear.

Vice President Caen arrived at 3:15 P.M.

Commissioner Sklar then checked off three clarifying amendments to the proposed resolution: first, that the SFPUC intended to ensure that the San Francisco Electricity Reliability Project be utilized solely to meet reliability needs and not for market purposes; second, any arrangements regarding the development of the San Francisco International Airport CT shall be done on a collaborative basis between SFPUC, the Airport and J-Power (apart from the reliability project); and third, that the SFPUC wished to explore with the California Independent System Operator (CAISO) the possibility that 2 rather than 3 CTs in the Potrero neighborhood would meet CAISO's reliability requirements. President Brooks also offered a revision to the draft that the SFPUC wished to decommission the Combustion Turbines when feasible. Commissioner Sklar distributed the revised resolution and a copy of the Description of the Transaction between City and County of San Francisco and J-Power USA Development Co., Ltd. Commissioner Sklar noted that the proposed resolution reflected a better deal and while not perfect was good and was the best possible solution achievable at this point.

In response to a question by Commissioner Normandy concerning any possible impact of the city ordinance banning business with firms doing business in Burma (Myanmar) Deputy City Attorney Noreen Ambrose proposed to look into the question but thought it unlikely that there would be an impact. Commissioner Sklar observed that the JPower operating in Burma was likely a separate company from JPower USA.

The amendments proposed by President Brooks and Commissioner Sklar were then:

Moved by Commissioner Sklar, seconded by Commissioner Hochschild to approve the proposed amendments; passed (5-0 Brooks, Caen, Hochschild, Normandy, Sklar) unanimously.

Public Comment

Mr. Phil DeAndrade, Chair, Potrero Hill Power Plant Task Force, thanked the Commissioners and the Mayor for working hard to forge a resolution to this long standing critical issue in his neighborhood, noted that he had been working for more than six years to achieve closure of the Mirant Plant and this plan was the only realistic way that could happen. Mr. DeAndrade noted additional delays caused the opposition of the Pacific Gas and Electric Company and expressed the hope that the combustion turbine facility might be converted to use renewable energy.

Mr. Winchell T. Hayward questioned: the financial costs of this proposal asking how it was proposed that this scheme be paid for; how the Public Utilities Commission could have any hope to work with the Pacific Gas and Electric Company that had bitterly opposed this plan; and what was the reality of converting this facility to renewable energy?

Mr. Joshua Arce, Brightline Defense remarked that he was not there on behalf of the Pacific Gas and Electric Company but was working pro bono for the community. He then distributed a copy of a report to the Commission, submitted on October 23, 2007, regarding Bay Area Air Quality Management District Emission Factors and challenged that the proposed arrangements would really address the community's concerns citing real concern that the Mirant Plant would not close, the lack of transparency in the planning process and during the approval of this proposal. Mr. Arce also urged the Commissioners not to disillusion the community and not go forward until they had fully involved the public in this process.

Mr. Francisco daCosta, Environmental Justice Advocacy, applauded the closure of the Mirant Plant but observed that he had

seen nothing in writing as yet to prove it was so. Mr. daCosta then expressed dismay at what he felt had been misrepresentations, violations of the Brown Act by the Board of Supervisors and lies told to the community to promote this proposal and urged the Commissioner, some of whom he trusted served the public interest, to carefully consider what had gone on before going further. Mr. Joseph Bryant expressed dismay that he had started his day being distressed about yesterday's hearings at the Board of Supervisors. Mr. Bryant said that as a matter of fact, he had never been so dismayed at the way some of the kiddie corps at the Board of Supervisors acted in not letting the public have their say, by having a committee meeting on Monday and then taking it to the full board on Tuesday. Mr. Bryant suggested that this was just not right and that he hoped each and every one who cast votes yesterday would take a good look at him, because he was not happy with any of their decisions. He concluded noting that unfortunately he was out of town and did not get to express his opinions to the Supervisors, so he had no choice but to do it today.

President Brooks took a point of privilege to note that this process had become a better process because of the community, and that was how government should work and we were better because of it. President Brooks observed, "are we perfect? No! Are we better? Absolutely!"

Ms. Barbara George thanked everyone for their hard work in this serious matter and urged the Commissioners to not go forward with this project until all of the questions about it had been fully answered. She called attention to the history of neglect and mistreatment of the residents of the Southeastern neighborhoods and urged that that be kept in mind as this question was considered.

Mr. James A. Bryant read a statement concerning the varied treatment provided to differing parts of the City. Mr. Bryant questioned the manner in which this proposal had been taken up at the Board of Supervisor before being finalized by the Commissioners and challenged the integrity of the process used to move this proposal forward. He asked that this matter not go forward until the community was fully informed of its implications and noted that even now many in the neighborhood knew nothing about this project.

Ms. Orieyonna Johnson said, that she had attended just about every meeting, so was sure the Commissioners were familiar with her. Ms. Johnson then said the Commissioners were all ingenious minds that we put in office. And that the people put you in office first for people before politics, but always I know the almighty dollar is what makes this country so great. At the same time, if we don't have our health, we don't work, we don't make money, our country falls apart. The people are what matters first, and that's all we are saying, please remember, people first.

Mr. Eric Brooks of Our City and the San Francisco Green Party opined that the proposed resolution was very slightly better but not anywhere near good enough noting that the fact that the two-turbine option was just a possible option, and could end up being three and even if it's just two, if Cal-ISO says those two have to run more for reliability, then what was the difference? He asked the Commissioners to keep their eye on the ball observing that if Cal-ISO continued the Reliability Must Run (RMR) on Mirant, eventually they will have to pay to upgrade the water quality and then all we would have to do was focus on the diesels as Commissioner Sklar had mentioned in past meetings and we need never worry about the CT's or spend any money to put them in. Mr. Brooks also added no matter what we do, it strikes me those diesels, until they shut down in 2009 or 2010, could be partially or fully run, depending on the amount, on the waste vegetable oil diesel that the SFPUC was going to gear up and whatever we do, let's do that. Mr. Brooks reiterated this was just not near good enough and also he thought about the RMR, (Reliability Must Run) we need to make sure that if you pass this, that's what's required for San Francisco Run Must Run (RMR) and Cal-ISO cannot make us run those turbines for needs outside of San Francisco. Mr. Brooks said it must only be for in-city demand, as they have kept hammering into our heads. Hopefully he asked this was not a signed contract for a while and until you see a signed contract from Mirant, please do not sign anything, just deal with the diesels and make sure the diesel part of that gets shut down and we will not have a problem. Mr. Brooks urged that we stick to our guns and not go for this compromise, not a good one.

Mr. Bryant O'Flynn from Defend Bayview Hunter's Point said that he was attending the meeting to speak about the lack of democracy in these proceedings. He noted about 10 days ago, Mr. Blumenfeld, an independent department head who is given the responsibility of protecting the people of San Francisco and looking out for environmental concerns came out against this proposal. Mr. O'Flynn believed there should be other alternatives to be looked at and not just politics as usual. He suggested that following Mr. Blumenfeld's response, upholding of his office, the local supervisor, Supervisor Maxwell, in conjunction with Supervisor Peskin, attempted in retribution for speaking the truth, attempted to gut the Department of Environment by eliminating through legislation 64 of the 65 positions. He thought that was the litmus test before us that shows this is an insider deal, that it doesn't respect the people of the community, that this would not be happening in Pacific Heights or Telegraph Hill, but happen out in a poor neighborhood that was less politically connected, has less juice. He hoped that the Commissioners were not complicit in this type of politics and would actually stick up for the community and democracy.

Mr. Tony Kelly President of the Potrero Boosters Neighborhood Association, reporting that his organization had been intervenors over the years, we have been initiators of the Potrero Power Plant Task Force over the last 7 years so our community has been very involved in this issue. He urged the Commissioners to stick to your guns, keeping in mind the main goal was shutting down the Mirant Power Plant. He noted his community absolutely had paid attention to their neighbors in the

Bayview observing that was why they made a commitment early in this decade to close Hunter's Point Power Plant first. Now he noted his neighborhood wanted to close the Mirant Plant. This, Mr. Kelly, remarked seems to be the best opportunity, therefore, his organization strongly supported the proposal before the Commission. He observed that if we can get something in operation that would be cleaner, alternative sources of conservation before the CT's go in operation, great. If we can change their mind, fabulous. If we can do anything to get a cleaner energy future sooner, we're happy to work with anybody anywhere to do so. But the decision before you today is about the CT's and closing the Mirant plant and that has to be the goal, closing that plant. We are not going to play games in the hope of some uncertain future. We support the future we hope you will make today and try to improve that as we can.

Ms. Regina Hollins a resident of Potrero Hill asked a vote be delayed until after the 13th of November after the Commission had met in the neighborhood.

Mr. John Rizzo, representing the Bay Chapter of the Sierra Club, urged that the Commissioners listen to the community and choose an environmentally friendly alternative to the out dated antiquated technology of the proposed combustion turbine facility.

Mr. Bennett Taylor asked as the two speakers before him had, that any vote be delayed until after the Commission came to the community on November 13th. He commended the young people from our community and wanted to tell the Commissioners that San Francisco was changing around us and that this old stuff needed to be removed because he had studied this issue and there were many very serious concerns about the pollution that these plants would produce. He noted that San Francisco was changing and in the older communities the people were going through all kinds of stuff and this had been going on for almost 20 years with high mortality rates of infants, the breathing problems. Mr. Taylor reported you can really tell the difference in Bayview Hunter's Point and Potrero Hill, and out at the beach where we go running. Mr. Taylor could tell the difference in the air. Now I don't know if this stuff is going on here and now or whatever, but as you look at the dynamics of the city, the hills and where some stuff does not move and the only reason why we have a lot of fresh air is because of the ocean breeze. He observed that some of it, that doesn't come over the hill and you have this other stuff here, it causes people to have all kind of problems, health problems, which is in a part of the city where nutrition was low, there was low income and there were other problems. This is just another problem on top of all the rest of those problems.

Public comment was then closed.

President Brooks thanked the members of the Community for participating in the discussions of this issue and pledged to continue to discuss issues of concern with the residents of the Southeastern neighborhoods. Next the various aspects of this issue and its proposed solution were then discussed and analyzed by each Commissioner.

Commissioner Sklar highlighted the significant positive changes in financial burden in the negotiated agreement and that the future uses of this facility were restricted, and asked that the expected \$15 million obtained be used to promote renewable energy resources. Commissioner Sklar then called attention to the terrible NOX pollution impact on these communities created by I-280 and US-101 that had been brought to light during the discussion of this issue. Commissioner Sklar also noted that the views of some of the Commissioners had not been reflected in the presentation of the SFPUC's position on this issue at the Board of Supervisor's Land Use Committee at its meeting held on October 30th, the day prior to this meeting. Commissioner Sklar again emphasized that efforts must continue to be made to persuade Cal-ISO to allow fewer of the proposed combustion turbines should fewer be found to meet the system reliability needs mandated.

Commissioner Hochschild expressed frustration and disappointment that a renewable energy solution had not been achieved in this process and urged that the Air District staff always be consulted and their advice and expertise used to better inform the staff's discussions of air quality related matters. Commissioner Hochschild noted that the data revealed from the discussions of this matter was now on record and would be of valuable future use. Commissioner Hochschild then observed that those opposed to installation of the combustion turbines should best be viewed from the perspective that their primary intention was seeking the best solution for the City rather than being characterized as simply being in league with the Pacific Gas and Electric Company. In response to a question concerning a related recent Bay Area Air Quality Management District public comment period by Commissioner Hochschild, Ms. Hale reported that the Public Utilities Commission had not filed a comment with the Air Quality Management District Board on the issue.

General Manager Susan Leal applauded the dedicated hard work on this project by Ms. Hale and her staff. Ms. Leal offered an informed comment as a former board member on the ability of the regional environmental regulatory bodies to make their rulings stick when trumped by the California Independent System Operator and the California Energy Board's requirement to maintain system reliability. She noted that previous findings of violations had been waived concerning the discharge of superheated water into the Bay and in future such waivers were likely to continue to be granted when state priorities required it.

President Brooks called attention to the Public Utilities Commission's taking a leadership role in promoting the development of renewable energy resources and environmental stewardship and pointed out that the severe harm occurring daily from the

Mirant Plant was a longstanding priority to bring to an end.

Vice President Caen recalled the Commission's unyielding effort in fighting for ten years to achieve closure of the Mirant Plant.

Commissioner Normandy observed that the Public Utilities Commission could not speak for the actions taken by the Board of Supervisors, and that the Commission and staff would take a back seat to no one in pursuing open and frequent communication with all parties involved with this issue. Commissioner Normandy further observed that it was essential to frame this issue in direct and simple terms, clearly lay out what were the real options, listen to community input, and then take action that best served the City given the limitations of choices. He noted that this was a good if not a perfect solution to this problem. Commissioner Normandy urged that greater efforts be made to keep channels of communication open between staff and the Commissioners.

Mr. Irons and Ms. Hale then walked the Commissioners through the various changes in the proposed resolution and agreement with JPower since the Commission's July 24th resolution authorizing staff to proceed with negotiations. Then Mr. Irons outlined the much-improved financial terms. They showed how this proposal would give the City control of the facility. Ms. Hale next provided a side-by-side comparison of the facilities, which she noted had been vetted by the Air District staff. Deputy General Manager Irons explained how the combustion turbines to be installed would be equal to the current top of the line General Electric models on the market and how they would work and what devices were used to recapture and control emissions, use only recycled water, and control noise. In response to questions by Commissioner Hochschild, Mr. Irons explained that the noise levels at the gate would be equivalent to existing traffic noise. Next, Commissioner Hochschild expressed concern that the airport CT data had not been included in the report. President Brooks suggested that was outside the scope of this discussion, as the airport peakers would not have impact in the City. President Brooks then noted that the Commissioners and staff were fully committed to going forward with development of 100% renewable energy resources and urged that this issue been seen in the context of that bigger picture.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to adopt the resolution relating to the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs) and related facilities), the JPower agreements and leases, and any related agreements, authorizations and permits required from other City Departments or federal, state or local agencies pertaining to this Project, and adopting findings pursuant to the California Environmental Quality Act as amended; passed (5-0 Brooks, Caen, Normandy, Sklar and Hochschild) unanimously.

Resolution No. 07-0188 Staff presentation, discussion and action related to matters addressed in the SFPUC Resolution No 07-0137, including the proposed San Francisco Electric Reliability Project (the Combustion Turbines (CTs) and related facilities), the JPower agreements and leases, and any related agreements, authorizations and permits required from other City Departments or federal, state or local agencies pertaining to this Project, and adopting findings pursuant to the California Environmental Quality Act as amended.

Commissioner Sklar urged that Mr. Blout continue to assist the Public Utilities Commission with his expertise as this project went forward.

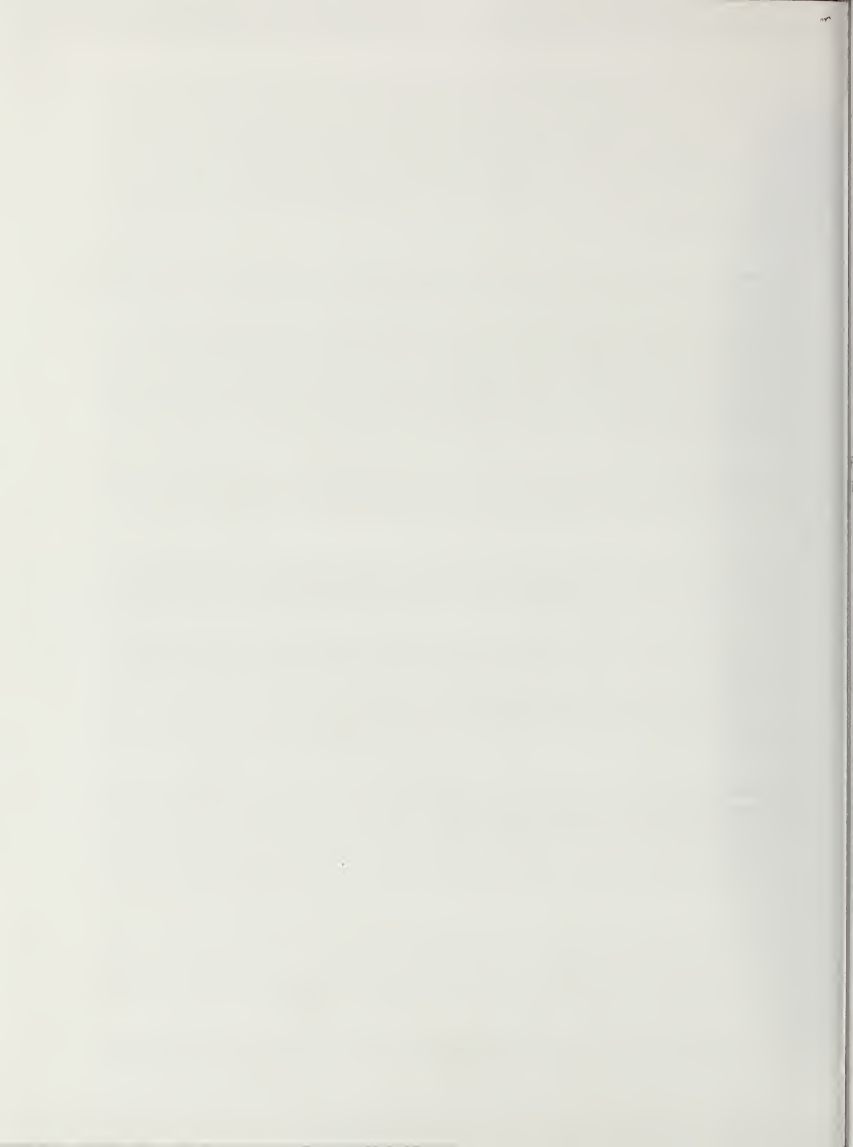
There being no further business to discuss, the meeting was adjourned at 3:57 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSD_ID/113/MTO_ID/369/C_ID/3742

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, November 13, 2007
6:00 P.M.

Southeast Community Facility
1800 Oakdale Avenue, Alex Pitcher, Jr. Room
San Francisco, CA 94124

Note Different Meeting Location and Time

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



10-26-07 10:27:00
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OCT 26 2007

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Disability Access

The Public Utilities Commission meeting will be held in the evening beginning at 6:00 P.M. at 1800 Oakdale Avenue, in the Alex L. Pitcher, Jr. Community Room. This meeting, as are all Commission meetings, is open to the public and welcomes comments from community members.

The closest BART Station is located at Glen Park. Accessible MUNI Lines serving this location are the #23 Monterey, #24 Divisadero, and #44 O'Shaunessey. There is accessible parking available in the Southeast Community Facility parking lot and ample off-street parking on Oakdale and Phelps Street.

The Southeast Community Facility is a "SMOKE-FREE" environment; whereas, smoking is prohibited inside the building. Accessible integrated seating is available for persons with disabilities (including those using wheelchairs). Individuals with other disabilities can also be accommodated, provided, advance notice is given by contacting the Office of the SECF Commission at (415) 821-1534.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Governmental Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

- a) Minutes of the October 19, 2007, Special Meeting
- b) Minutes of the October 23, 2007, Regular Meeting

4. Public Comment

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications

6. Other Commission Business

7. Report of the General Manager

- a) Overview of the proposed Wastewater Master Plan *(Loiacono)*
- b) Water System Improvement Program/Capital Program/
Wastewater Master Plan *(Irons)*

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Approve a SFPUC Meeting Schedule for 2008 for regular meetings on the second and fourth Tuesday of each month during 2008.
- b) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of the San Francisco Public Utilities Commission, dated October 12, 2007 and approved by the President of the Commission for Contract work consists of replacing the existing sewer located within the sewer easement on Assessor Block #2900 Engineer's Estimate: \$130,610 Award: \$104,060 to D'Arcy & Harty Construction.

REGULAR BUSINESS

9. Discussion and possible action related to approving the "Sewer System Management Plan" (SSMP) and the SSMP attachment "Moccasin Overflow Emergency Response Plan as developed to comply with State Water Resources Control Board Order No. 2006-0003 titled, "Statewide General Waste Discharge Requirements for Sanitary Sewer Systems".

Staff Recommendation: Approve the "Sewer System Management Plan" (SSMP) and the SSMP attachment "Moccasin Overflow Emergency Response Plan". Both plans were developed to comply with State Water Resources Control Board Order No. 2006-0003 titled, "Statewide General Waste Discharge Requirements for Sanitary Sewer Systems".

CONSTRUCTION CONTRACTS

10. Discussion and possible action related to accepting work performed for Water Enterprise Water System Improvement Program-funded and Water Supply & Treatment Division-Regional Conveyance/Transmission Program-funded Contract No. WD-2489, University Mound Fence Replacement Project with a time extension, and authorize final payment.

Staff Recommendation: Accept work performed for Water Enterprise Water System Improvement Program-funded and Water Supply & Treatment Division-Regional Conveyance/Transmission Program-funded Contract No. WD-2489, University Mound

Fence Replacement Project, by D'Arcy & Harty Construction, Inc., decreasing the contract by \$600.50, for a total contract amount of \$1,311,163.50, with a time extension of 93 consecutive calendar days for a total contract duration of 243 consecutive calendar days, and authorize final payment in the amount of \$234,497.62 to the contractor.

11. Discussion and possible action related to approving the plans and specifications and award: Water Enterprise Water System Improvement Program-funded Contract No. WD-2511, Standby Power Facilities, Various Locations, in the amount of \$8,419,000.00 to the lowest, qualified, responsible and responsive bidder, Power Engineering Contractors, Inc..

Staff Recommendation: Approve the plans and specifications and award: Water Enterprise Water System Improvement Program-funded Contract No. WD-2511, Standby Power Facilities, Various Locations, in the amount of \$8,419,000.00 to the lowest, qualified, responsible and responsive bidder, Power Engineering Contractors, Inc..

PROFESSIONAL SERVICE CONTRACTS

12. Discussion and possible action related to approving Amendment No. 1 to Agreement No. CS-765, San Francisco Water System Improvement Program – Program/Project/Pre-Construction Management Services, with Parsons Water and Infrastructure, Inc. to continue to provide program, project and pre-construction management services and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the Agreement by \$19,000,000, for a total Agreement amount of \$57,000,000 with no time extension, subject to Board of Supervisor's approval pursuant to Charter section 9.118.

Staff Recommendation: Approve Amendment No. 1 to Agreement No. CS-765, San Francisco Water System Improvement Program – Program/Project/Pre-Construction Management Services, with Parsons Water and Infrastructure, Inc. to continue to provide program, project and pre-construction management services and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the Agreement by \$19,000,000, for a total Agreement amount of \$57,000,000 with no time extension.

CLOSED SESSION

13. Public comments on matters to be discussed in Closed Session.
14. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

15. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a).
(Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

16. Announcement following Closed Session.
17. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103





SAN FRANCISCO Public Utilities Commission

11/13/07 Minutes San Francisco Public Utilities Commission

Published: 12/12/2007 | Updated: 12/17/2007

Published By: Commission

MINUTES**REGULAR MEETING**

Tuesday, November 13, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Richard Sklar

The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY

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JUN 24 2008

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1. Call to Order: 6:21 P.M.

2. Roll Call: Present – Vice President Ann Moller Caen, Commissioner Richard Sklar, Commissioner David Hochschild

President Brooks arrival was expected shortly.

Commissioner E. Dennis Normandy was excused.

Vice President Caen thanked the Southeast Community Facility for their hospitality and use of their facility for the meeting. The Commission Vice President noted that it had been several years since the last Public Utilities Commission meeting was held at the Southeast Community Facility and recalled that the Bay Guardian's report of that meeting had taken special note of her nail color. In the spirit of full disclosure she wanted all to know that she had plain nails today. Vice President Caen then thanked the Garden Project for the wonderful vegetables they had brought to the meeting a distributed to those attending. General Manager Susan Leal recognized and thanked Ms. Catherine Sneed, Director of the Garden Project.

3. Approval of Minutes

Moved by Commissioner Sklar, seconded by Commissioner Hochschild, to adopt the Minutes of the October 19, 2007, Special and the October 23, 2007, Regular Meeting; passed (3-0 Caen, Sklar and Hochschild) unanimously.

Ms. Leal acknowledged the new acting Assistant General Manager for Wastewater Tommy Moala, and then recognized Southeast Community Facility Commission Chair Bobbie Brown, Southeast Facility Executive Director Toye Moses, and SFPUC Citizen's Advisory Committee Chair Alex Lantsberg, CAC Member Jennifer Clary, and SFPUC Community Liaison Sam Murray who were in attendance for the meeting.

Vice President Caen announced that the Agenda items would be taken out of order starting with Agenda Item 8 through Agenda Item 12.

CONSENT CALENDAR

8. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

Moved by Commissioner Sklar, seconded by Commissioner Hochschild, to adopt items (a through b) listed under the Consent

Calendar; passed (3-0 Caen, Sklar and Hochschild) unanimously.

a) Staff Recommendation: Approve a SFPUC Meeting Schedule for 2008 for regular meetings on the second and fourth Tuesday of each month during 2008.

b) Resolution No. 07-0189: Ratify the Declaration of Emergency made by the General Manager of the San Francisco Public Utilities Commission, dated October 12, 2007 and approved by the President of the Commission for Contract work consists of replacing the existing sewer located within the sewer easement on Assessor Block #2900 Engineer's Estimate: \$130,610 Award: \$104,060 to D'Arcy & Harty Construction.

REGULAR BUSINESS

9. Discussion and possible action related to approving the "Sewer System Management Plan" (SSMP) and the SSMP attachment "Moccasin Overflow Emergency Response Plan as developed to comply with State Water Resources Control Board Order No. 2006-0003 titled, "Statewide General Waste Discharge Requirements for Sanitary Sewer Systems."

Moved by Commissioner Sklar, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 Caen, Sklar and Hochschild) unanimously.

Resolution No. 07-0190: Approve the "Sewer System Management Plan" (SSMP) and the SSMP attachment "Moccasin Overflow Emergency Response Plan". Both plans were developed to comply with State Water Resources Control Board Order No. 2006-0003 titled, "Statewide General Waste Discharge Requirements for Sanitary Sewer Systems."

CONSTRUCTION CONTRACTS

10. Discussion and possible action related to accepting work performed for Water Enterprise Water System Improvement Program-funded and Water Supply & Treatment Division-Regional Conveyance/Transmission Program-funded Contract No. WD-2489, University Mound Fence Replacement Project with a time extension, and authorize final payment.

Moved by Commissioner Sklar, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 Caen, Sklar and Hochschild) unanimously.

Resolution No. 07-0191: Accept work performed for Water Enterprise Water System Improvement Program-funded and Water Supply & Treatment Division-Regional Conveyance/Transmission Program-funded Contract No. WD-2489, University Mound Fence Replacement Project, by D'Arcy & Harty Construction, Inc., decreasing the contract by \$600.50, for a total contract amount of \$1,311,163.50, with a time extension of 93 consecutive calendar days for a total contract duration of 243 consecutive calendar days, and authorize final payment in the amount of \$234,497.62 to the contractor.

11. Discussion and possible action related to approving the plans and specifications and award: Water Enterprise Water System Improvement Program-funded Contract No. WD-2511, Standby Power Facilities, Various Locations, in the amount of \$8,419,000.00 to the lowest, qualified, responsible and responsive bidder, Power Engineering Contractors, Inc.. (Labonte)

Moved by Commissioner Hochschild, seconded by Commissioner Sklar, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 07-0192: Approve the plans and specifications and award: Water Enterprise Water System Improvement Program-funded Contract No. WD-2511, Standby Power Facilities, Various Locations, in the amount of \$8,419,000.00 to the lowest, qualified, responsible and responsive bidder, Power Engineering Contractors, Inc.

PROFESSIONAL SERVICE CONTRACTS

12. Discussion and possible action related to approving Amendment No. 1 to Agreement No. CS-765, San Francisco Water System Improvement Program - Program/Project/Pre-Construction Management Services, with Parsons Water and Infrastructure, Inc. to continue to provide program, project and pre-construction management services and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the Agreement by \$19,000,000, for a total Agreement amount of \$57,000,000 with no time extension, subject to Board of Supervisor's approval pursuant to Charter section 9.118.

Deputy General Manager Tony Irons presented a brief overview and background to this proposed contract, noting that it would also require approval by the Board of Supervisors. Commissioner Sklar observed this was a good idea that would allow these contracts to continue to evolve.

Moved by Commissioner Sklar, seconded by Commissioner Hochschild, to adopt the following resolution; passed (3-0 Caen,

Sklar and Hochschild) unanimously.

Resolution No. 07-0193: Approve Amendment No. 1 to Agreement No. CS-765, San Francisco Water System Improvement Program – Program/Project/Pre-Construction Management Services, with Parsons Water and Infrastructure, Inc. to continue to provide program, project and pre-construction management services and authorize the General Manager of the San Francisco Public Utilities Commission to execute this amendment increasing the Agreement by \$19,000,000, for a total Agreement amount of \$57,000,000 with no time extension.

Commissioner Sklar honored the memory of the late Mr. Alex Pitcher noting that he played a major part in the creation of the Southeast Community Facility. Commissioner Sklar recalled that he was a good man, with strong opinions of how the community ought to be served and strength of character to persevere until those needs were met.

4. Public Comment

Ms. Regina Hollins, resident of Bay View Hunter's Point (BVHP) applauded the closure of the Mirant Power Plant but noted there was still opposition to the CT's facility, and thanked the Commissioners for bringing this meeting into the community.

Mr. Eddie Kittrell, a Potrero Hill resident, also applauded the closure of the Mirant Power Plant but noted that the community remained opposed to the proposed combustion turbine facility saying any decision should be delayed to allow more time for all of the related issues such as increased noise to be studied and discussed.

Mr. Dennis Lumsey spoke in opposition to the proposed CT's facility urging that the Commissioners expand their outreach and gather more community input before making a final decision, and called attention to the need to seek other ways to guarantee reliable power without pollution.

Mr. Marcus Ranbuis commented that he was glad that the Mirant Power Plant was finally closing.

Ms. Tanisha Porter also expressed happiness that the polluting Mirant Power Plant was going to be shut down.

Mr. Darrell asked why it had been so many years since the Commissioners had held a meeting in the Community and urged that such meetings be regularly scheduled so that both the Commissioners and the Community could work together to address the many needs of the Southeastern neighborhoods.

Mr. Daniel King commented that he was also glad Mirant Power Plant was being closed but also wanted the Commission to come to the community for input concerning its replacement.

Ms. Oriyonna Johnson thanked the Commissioners for listening to the Community, for working to close the Mirant Power Plant, and asked that they continue to seek other ways, besides the CT's to address the City's needs.

Mr. Jessie Mason called attention to the SFPUC's apprenticeship Program, applauded Assistant General Manager Harlan Kelley's work to sustain this important program, and observed that it was vital that such good work that provided a means of entry into the construction industry for local residents be continued and expanded.

Ms. Verla William applauded the close of the Mirant Power Plant but urged the Commissioners not to replace it with the CT's facility.

Mr. Joseph Bryant, A. Philip Randolph Institute, commented that there was no real need for and the community did not want the CT's facility located in Bayview Hunter's Point.

Mr. Francisco da Costa urged that the Commissioners do what was right and called attention to the many kinds of environment problems which had been imposed on the Bayview Hunter's Point community for many decades. Mr. daCosta observed that there was no justification for building a new fossil fuel plant in 2007, that the CT's facility should therefore not be built, and that the SFPUC would become a major polluter that negatively impacted the health of children in the community.

Mr. Patterson spoke in opposition to the CT's facility asking that no taxpayer dollars be used to fund a polluting plant and opined that this was a sell-out of the Community that would suffer increased pollution health related problems as a result.

Mr. Rodney James informed the Commissioners that he was proud to be the first graduate of the City Jobs program and asked that programs such as this continue to be supported to provide critically needed job training and employment opportunity to the youth of the Southeastern neighborhoods.

Ms. Patricia called the Commissioners attention to the many pollution related illness which she and members of her family had suffered as a result of living near the pollution created by the Potrero Power Plant and asked that no new polluting facilities be

created to replace the one being shut down.

Mr. Elijah Rodgers informed the Commissioners that he was proud of his job and that he hoped to be a role model for other neighborhood residents and expressed his appreciation to the Commission for their steadfast support for the creation of programs that fostered employment opportunities for good jobs with potential for years of steady work so that the families of the neighborhood could grow and prosper.

Mr. Alex Lantsberg, with baby in arms, observed that the Community was united in its opposition to the CT's facility and urged that the Commissioners do all within their power to see that if built they never were called into operation.

Ms. Espanola Jackson emphasized the critical role that General Manager Susan Leal had taken in making sure that the 9910 community job skills and employment training program was revived and sustained and applauded the agency's efforts to provide opportunities for the youth of the community. Ms. Jackson also noted that the Commissioner should apply the City policy's for use of a "precautionary principle" when considering undertaking new projects, noted that threats to birds and wildlife seemed to get more attention than those to the children of her community. Ms. Jackson then thanked the Commissioners for coming into the community, recalling the dedication and civic leadership of the late Alex Pitcher, and concluded by noting that the promise of a cross-town tunnel to divert waste away from her neighborhood although made many years ago had not been forgotten.

Mr. David Pipel, San Francisco resident, noted that the meeting coincided with the 25th Anniversary of the decisions made by then General Manager Richard Sklar to undertake controversial and major changes that resulted in significant improvements in the City's services to its residents. Mr. Pipel noted that wastewater issues deserved significant and critical focus and urged that greater emphasis be given to low impact infrastructure development.

Commission Discussion

Vice President Caen thanked everyone who had come out to attend the meeting and applauded the excellent work being done. Commissioner Hochschild noting that he was relatively new to the Commission said that he was very glad to hear the input of the community and encouraged those attending to remain engaged and involved in bringing forward their new ideas for making the City healthier and more unified.

President Brooks arrived at 6:55 P.M. assumed the chair and thanked Vice President Caen for chairing the meeting to this point. The Commission President then commended those attending the meeting and promised that there would not be such a long time before another Commission meeting was held in the community.

5. Communications

6. Other Commission Business

Commissioner Sklar recalled that it had been three years since the Commission had set a firm directive that the Public Utilities Commission Budget be structured in a Program format so that every activity and expenditure could be carefully monitored and performance tracked. He emphasized that he hoped that during preparation for the upcoming FY 2008-09 Budget that staff would take this directive to heart and present a fully program based budget. Commissioner Sklar also called attention to the ongoing effort to bring the existing systems up to the level of a state of good repair as a major priority set by the Commission for the Agency. He observed that he looked forward to seeing that priority reflected in the budget proposed for the third year of a five-year effort to do so. Commissioner Sklar emphasized that he was not prepared to vote for any budget that failed to meet these standards.

7. Report of the General Manager

a) Overview of the proposed Wastewater Master Plan (Loiacono)

General Manager Susan Leal introduced the discussion of the results of a two year long development process to propose a new wastewater master plan. Ms. Leal cited in particular the various difficult and costly choices that faced the Agency in this effort to safeguard and improve the critical functioning of the City under the City. The General Manager called attention to the important job training and development aspect of this program noting in particular the revived 9910 Program and pointing with pride to the fact that its graduates had among the highest scores of all of those taking the State Stationary Engineer Qualification Test. Ms. Leal noted that 70 neighborhood residents were actively involved in Water System Improvement Program Jobs. The General Manager pledged to keep on pushing to provide more opportunities for young people to acquire the skills and training necessary in the coming decades to be prepared to step forward and join the Public Utilities Commission's skilled workforce keeping our systems operating at the peak of efficiency.

Ms. Leal then asked Ms. Catherine Sneed come forward and say a few words about the SFPUC's model Garden Program that

has won kudos from every sector of the Community. Ms. Sneed thanked the Commissioners and the General Manager for their steadfast support for the Garden Program. She then praised the cooperation she had received from the Bayview Hunter's Point community, citing the great enthusiasm of its youth as Earth Stewards. Ms. Sneed then spoke briefly about ongoing projects and then introduced new appointed Sheriff's Deputy Merced Travis as an exemplar of those that made its success possible.

Mr. Jon Loiacono then presented an overview of the results of the two-year long effort to craft a Wastewater Master Plan. Mr. Loiacono began with a discussion of the more than 900 miles of lines that constituted the existing wastewater system, and outlined the individual capacities and roles played by the Northpoint, Southeast, and Oceanside treatment facilities. Turning specifically to the major issues, Mr. Loiacono outlined the history of the construction and what efforts at renewal had been made at each of these plants. He then focused in particular on situations and options available to address the immediate problems posed by the crumbling digesters at the Southeast Plant. From this jumping off point, Mr. Loiacono then discussed the impact of growth adding pressures to the aging infrastructure and upcoming changes in regulations that would mandate system upgrades. Next the major issue of what to do with the aging digesters at the Southeast Treatment Plant was discussed. Mr. Loiacono reported their history, changes in the Clean Water Act that mandated improvements, the staff's consideration of any potential to employ various green options, and finally described in detail the three options for replacement under consideration.

Mr. Loiacono next turned to the proposed master plan to replace up to an additional seven miles of aging wastewater infrastructure each year and implement a number of green and low impact street improvements to strategies to recapture rainwater and channel it to reduce the strain on the combined system during heavy storms. Mr. Loiacono then discussed the ongoing and very successful early efforts to recycle food wastes and keep them out of the system citing their potential for use as clean energy. He then called attention to proposed changes in policy for new construction in the city that would include addressing water and wastewater issues early in any construction process and working with projects to promote inclusion of low impact systems that would better handle storm water runoff issues.

Mr. Loiacono then discussed how the estimated \$3.46 Billion cost of this plan had been determined. He called attention to the significant employment opportunities that a project of this scale would create and noted that it also provided an excellent opportunity to recruit, and train the next generation of skilled water system employees to replace those moving in ever greater numbers toward retirement.

Mr. Loiacono then concluded his presentation with a summary of the next steps in this process that involved extensive community outreach leading to a plan reflecting this input being brought to the Commission for its consideration in February 2008. Regarding the many community concerns with the decision related to the digesters Mr. Loiacono made it clear that a community task force would be involved in the deliberations as to their future.

b) Water System Improvement Program/Capital Program/ Wastewater Master Plan (Irons)

Commissioner Hochschild led off the Commissioners discussion of this plan with several questions regarding possible avenues to address the terrible odor problems from the crumbling digesters being experienced by the neighborhood. In response it was explained that to repair the existing digesters that were literally falling apart would not be sufficient and that to eliminate the problem it would be necessary to encapsulate, cover, appropriately vent, and treat the flow so that nothing escaped the interior of the facility. President Brooks emphasized that this problem needed more than a band-aid and that whatever was determined to be necessary should be a priority. Mr. Irons noted which ever of the options whether to keep them in place or relocate then should be considered in the context of the overall plan but that elimination of the stench was at the top of the priority list. In response to a query about possible increase in noise levels the Deputy General Manager reported that they would be at the gate no greater than the existing ambient traffic noise.

Vice President Caen left the meeting at 7:25 P.M.

Commissioner Sklar called attention to the mess at some headwork's and entries and noted that upgrades of the existing deficiencies needed to be put into place as part of the SFPUC's ongoing effort to keep the system in a state of good repair when moving forward on major system improvements. Commissioner Sklar amplified on Ms. Jackson's recollections concerning the fate of the proposed Crosstown Tunnel Project to redirect flow principally into the new outflow in the Ocean and away from the far greater challenges of managing flows into the San Francisco Bay with his own of its controversial history. In response to a question about possible opportunities to divert flow elsewhere. Mr. Loiacono reiterated and expanded on his discussion of how the Cayuga Diversion might be reworked to move flow from the southern sectors of the city out toward the Ocean. Commissioner Sklar urged that this idea be given serious consideration, noting that this problem had been hanging around for more than thirty years and if it could be done now it should be.

Commissioner Sklar also urged that staff also consider ways to better manage dry weather flows.

Commissioner Hochschild asked that staff also focus attention on use of greencover, such as ground swales or soft curbing as a further means of dissipating storm flow and slowing its impact into the system during storms as well as compiling a toolkit of

low impact options like permeable sidewalks that taken together could have significant beneficial impact on storm water conservation and management.

Public Comment:

Ms. Espanola Jackson commented that she had come to the meeting for this item and thought that if more Commission meetings were held in the evening in the Community more would participate. Ms. Jackson then discussed her years of involvement with this issue and called attention to the fact that the southeast plant handled waste from most of the city as well as Colma and San Bruno and that the old digesters had to be replaced. Ms. Jackson then expressed her concerns with the proposed relocation of the digesters preferring that they remain in place but be reconstructed to encapsulate and odors be masked a newly built urban landscape of buildings on the site as was proposed several years ago that would both conceal the facility as well as improve the neighborhood.

Ms. Judy West Citizen's Advisory Committee, expressed appreciation for the hard work staff had done to bring this process forward and urged that every effort be made to seize the opportunity to fix a number of longstanding problems. She also called attention to and recommended action to address potential storm water and flooding problems in the areas of 7th and 8th Streets.

Mr. Francisca da Costa speaking as a representative of the First people urged that the Commission exercise good stewardship of the pristine Hetch Hetchy water that he saw being wasted through inattention to updating outmoded systems with deeds not talk. Mr. da Costa then criticized the city's jobs programs as a waste of millions and urged careful review of community-based organizations (CBOs) claiming to speak for the people of the Southeastern neighborhoods, suggesting that some of these were suspect with highly questionable sources of backing.

Mr. Matt a Bayview resident urged that the replacement of the existing outdated facility remain within the existing footprint and be considered in context of the overall redevelopment goals of the wide community such as plans to clean up Islais Creek. Matt asked that the Commissioners do what could be done now to improve the quality of life in the neighborhood with trees and improvements such as permeable sidewalks. He also questioned the wisdom of putting new digesters on landfill, saying this could prove to be very unwise.

President Brooks observed that the agency would bring back those things that could be done in the short term while long-term improvements went forward.

Ms. Elizabeth Duke, Bayview resident and plant neighbor, reported that her family has to close windows in their home and spray large amounts of air fresheners to overcome the stench coming from the Southeast Plant, that the smells in the area of Evans and Third Streets was often unbearable and urged action to correct these problems on a priority basis by replacing, not repairing, the existing outdated facility.

Commissioner Sklar emphasized that stopping these odors at the top of list of things that had to be done.

Ms. Jennifer Clary, Clean Water Action and the Citizen's Advisory Committee, applauded the work being done and expressed support for an integrated urban watershed program with more consideration being given to wetlands restoration as well as reuse of recycled water.

Ms. Karen Pierce, Bayview Hunter's Point Democratic Club, strongly supported upgrading the overall approach to wastewater issues with an integrated management plan for better storm water management so that the system did not become overloaded calling for streetscape redesign with more urban forestry as well as irrigation by impoundment. Ms. Pierce also called for greater cooperation between various agencies to insure a comprehensive approach to addressing the community's needs.

Ms. Laura Tam, representing San Francisco Planning and Urban Research (SPUR) strongly supported the draft plan's proposed system wide upgrades and in particular efforts to integrate storm water management reduce flow into the system by use of new street designs and ways to recover and use recycled water.

Ms. Julie Campbell also representing SPUR questioned the lack of specific priorities to address flooding issues and suggested these could be in part addressed through low impact redesign. Ms. Tam also applauded the outstanding work in this area being done by Ms. Rosie Jencks for the Public utilities Commission benefiting the entire City. questioned that lack of specific priorities to address flooding issues and suggested

Mr. David Pilpel praised the work of the wastewater subset of the Citizen's Advisory Committee, asked that consideration be given to shifting flow and treatment to the Northpoint facility, discussed the proposed use of the Pier 92 site, and noted that regarding the future of the digesters that the role of processing food wastes be given greater attention.

President Brooks ended this first phase of the conversation with the community about these issues and thanked the public and staff for working together to consider and plan for better ways for our wastewater infrastructure to serve the community.

President Brooks then announced that the Closed Session item would be taken off calendar and no closed session would be held.

CLOSED SESSION

15. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

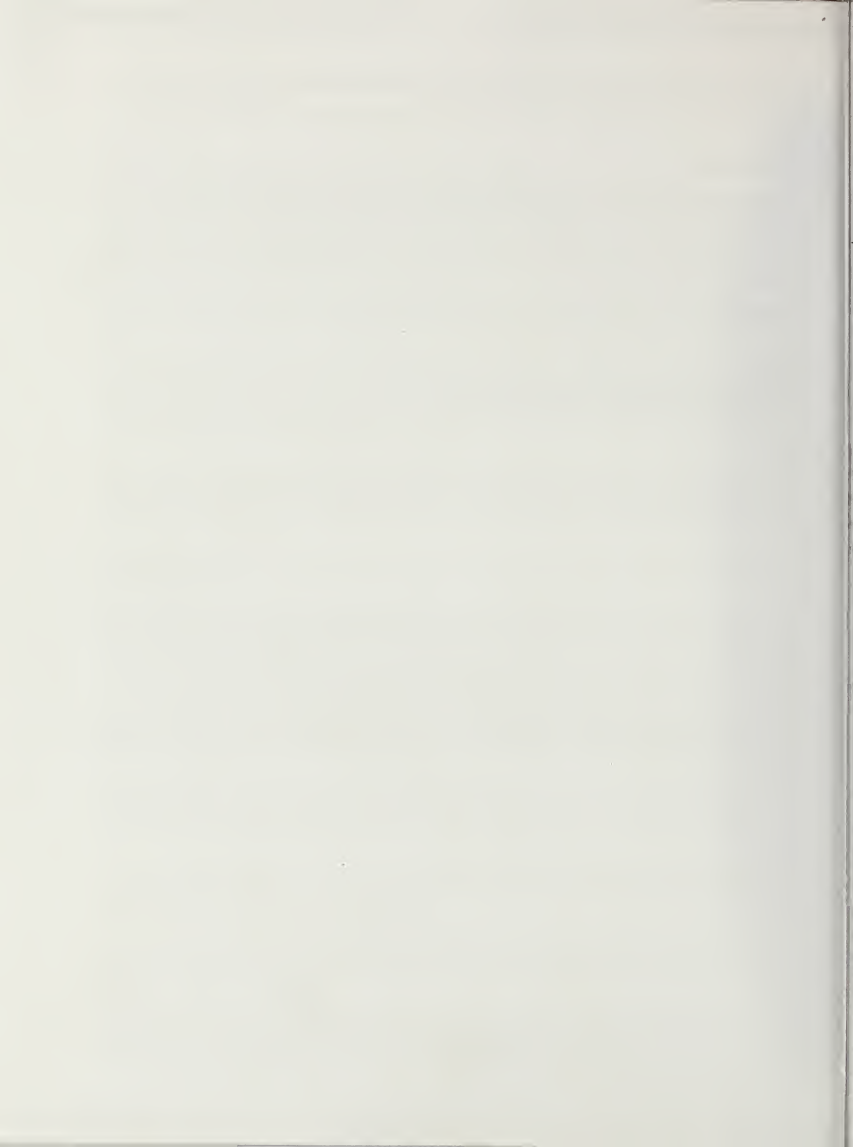
The meeting was adjourned at 8:20 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3744

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

SPECIAL MEETING

Wednesday, November 14, 2007
1:00 P. M.

NOTE DIFFERENT START TIME/ ROOM LOCATION

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comment
4. **Water System Improvement Program
(1:00 P.M. until 3:00 P.M.)
Workshop Three: Risk Mitigation**

This is the third of three workshops to brief the Commission on a number of ongoing WSIP programmatic initiatives. The objective of the third workshop is to

- (1) Review staff recommendations on proposed changes to program schedule, budget and scope; and
- (2) Solicit Commission input and direction on policy issues related to these proposed changes.
(Labonte)

REGULAR BUSINESS

5. Staff presentation of and discussion related to the development of a draft Long Term Energy Plan.
(Hale)

ADJOURNMENT of the Special Meeting

Secretary, SFPUC
City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103

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11/14/07 Minutes San Francisco Public Utilities Commission
(part 1 of 2)

Published: 12/12/2007 | Updated: 12/17/2007
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MINUTES SPECIAL MEETING

Wednesday, November 14, 2007
1:00 P.M.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks,
President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

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Gavin Newsom
MAYOR

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:15 P.M.
2. Roll Call: Present - President Ryan L. Brooks, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, Commissioner David Hochschild
3. Public Comments

Mr. Steve Lawrence asked that the Commissioners assist him in getting a SFPUC document that outlines in detail what constitutes the critical path projects in the Water system Improvement Program saying that staff had either evaded or ignored his requests for this document.

President Brooks responded by again directing Mr. Lawrence to the quarterly reports informing him that these reports contain the information that he sought. President Brooks noted that Mr. Lawrence seemed to be looking for a document that did not exist while neglecting to carefully study those that contained the information that was seeking.

Ms. Espanola Jackson, Bayview Hunters Point, began by thanking the Commissioners for coming out to Bayview Hunters point last night. Ms. Jackson report that she had received a lot of good calls this morning, pointing out that this was the first time that a Commission meeting was held at Bayview Hunters with no police presence, and she wanted to thank the Commissioners for coming. She then informed the Commissioners that the Bayview Hunters Point Southeast Commission Facility was having a dedication of a mural tomorrow at 1:00 P.M. honoring the Facility's founders and that as the Commission was also sponsor of this mural those that cannot come, she asked to please try to appear, because if it was not for this body, there would not be a City College in Bayview Hunters Point.

4. Water System Improvement Program (1:00 P.M. until 3:00 P.M.) Workshop Three: Risk Mitigation

Before going into the details of the third WSIP Workshop Commissioner Sklar asked for a brief

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response concerning an apparent gap between budgeted amounts and expenditures on the San Joaquin Project and San Joaquin Rehabilitation Project. Ms. Labonte replied that it was actually a \$13 million gap in the overall region caused by three different projects. On the San Joaquin Pipeline System, there was a delay in design contract that has been resolved and staff had been assured that a catch-up plan would allow us to complete design as planned. Additionally, Ms. Labonte reported on the rehabilitation of the existing San Joaquin Project, there were some environmental issues in environmentally sensitive areas that required that staff change our contracting plan. Ms. Labonte reported originally staff wanted one contract to one contractor. Because five were needed, it was decided to divide the scope into small pieces for environmental purposes and go with job order contracting, thus slowing down our expenditures there. She then discussed issues involved with the Tesla Project that played a contributory role. In response to a query from Commissioner Sklar, Ms. Labonte indicated that it was her plan to use several different contractors working on different projects along several segments of the line and that a field assessment to identify the work necessary for this plan was underway. Commissioner Sklar asked that the Commissioners be informed concerning the findings of this assessment. Ms. Labonte proposed, as she did not have the Project Manager present, to prepare a detailed overview of this situation and bring it back to Commissioners for their review.

This is the third of three workshops to brief the Commission on a number of ongoing WSIP programmatic initiatives. The objective of the third workshop is to: (1) Review staff recommendations on proposed changes to program schedule, budget and scope; and (2) Solicit Commission input and direction on policy issues related to these proposed changes. (Labonte)

General Manager Susan Leal began the concluding presentation on the WSIP risk assessment by noting that this was a voluntary effort undertaken to lay out the risks and choices identified in a thorough going risk assessment of the program to date. Ms. Leal proposed that such rigorous review be conducted every two years during the life of the program to insure that the ongoing work remained focused on delivering the projects necessary for its successful completion as planned. Ms. Labonte then began her third and finale presentation concerning the findings and recommendations of the Program Risk Assessment. She noted that the findings and recommendations were detailed and specific and proposed to go through them step-by-step with opportunities for the Commissioners to ask for addition details when the topic warranted additional elucidation. Ms. Labonte noted that staff proposed to continually evaluate ongoing work at various stages and make modifications when necessary and that the program was now a point when the original assumptions and plans could be tested against actual findings and at a higher level of design development with in some cases a much more accurate view of actual conditions. The presentation and associated handouts are attached below and associated documents are appended at the end of the Minutes.

Attachments: (Help) WSIP Workshop #3 Presentation (723 KB)

In response to question by Commissioner Sklar, Ms. Labonte indicated that the proposed program shifts would become visible in the quarterly report issued for January -March 2008. In answer to a question by President Brooks, Ms. Labonte reported that staff were confident that there would be sufficient staffing available to manage the expected flow of work under the proposed accelerated schedules noting that resources would be expanded and then redirected as the course of projects move forward in a planned hybrid model of in-house and outside resources as needed. In answer to a question by President Brooks concerning our plans to make the jump into construction Assistant general Manager Harlan Kelly discussed the staffing plan strategy. President Brooks expressed concern with the front-end process for getting projects going and Mr. Kelly outlined how staff proposed to manage that process. In response to a question by Commissioner Sklar, Deputy General Manager Tony Iron discussed how varying staffing levels and related column of expenditures could be expected to be shifted around as projects went forward from design development into the construction phase. In response to a question by President Brooks, Mr. Irons proposed to submit such a plan to the Commissioners. General Manager Susan Leal also noted that heightened coordination between the Water Enterprise staff and the Water System Improvement Program would also make additional staffing and resources available. In response to a question by Vice President Caen, Ms. Labonte confirmed that the proposed delay in schedule was the first such schedule push back in the Program since June 2005. Ms. Labonte then explained the top ten accelerated projects. In the following discussion of the seismic defenses proposed for the Bay Division Project in answer to questions by Commissioner Hochschild, staff seismic expert Brian Sadden of the Engineering Bureau discussed the various options available within the physical limitations of the right of way Mr. Sadden then discussed various means to secure the line from seismic shifting and agreed with Commissioner Sklar's assessment that having it above ground may be the cheapest alternative but given the

context of I-680 at Fremont it was not practical. In response to Commissioner Sklar's suggestion to store pipe for quick repairs nearby and have a team ready to install it quickly if a break occurred. Mr. Irons noted that there was already a plan in place to advance purchase reserve pipe but that in the context of an emergency situation and major loss of delivery this was not likely to be a sufficient alternative. Ms. Leal noted the installation of stops along the pipeline's alignment to allow for isolation of breaks and then quick reaction to repair damage as soon as possible after an event. Commissioner Sklar noted that if resources were staged and available quick temporary pipelines could be laid on the surface to get us through a emergency period. In response to a question by President Brooks concerning the costs of project delays, Ms. Labonte proposed to provide additional information. In response to a question by President Brooks concerning delays caused by lawsuits, Deputy City Attorney Noreen Ambrose discussed and explained how the California Environmental Quality Act (CEQA) shielded projects from such delays while complaints went forward through the courts and that only a court order from a judge could stop a project.

Commissioner Sklar asked concerning validating the 2005 Program and Regional Budgets and regarding the .6% reported increase wanting to know if this reflected overall increased costs rather than a summation of individual project increases. Regarding the 2% set aside for public art it was confirmed to Commissioner Sklar that this applied only to above ground projects. Assistant General Manager for External Affairs Laura Spanjian reported the Project total to be \$4.5 million.

In response to President Brooks' question about what other agencies were using the organization model we were using, Ms. Irina Torrey cited a recent Contra Costa County Reservoir project that was modeled after our use of bringing all of the involved parties together early in the project process so that everyone and everything moved forward together in relation to each segment's particular concerns with a project.

Ms. Labonte then turned to three major critical projects: the Calaveras Dam, the Irvington Tunnel, and the Bay Tunnel and discussed each in some detail. In response to a question from Commissioner Sklar concerning any other geo-technical concerns that had come to light as these and other projects evolved, Ms. Labonte explained that there might be additional issues related to Crystal Springs. In response to questions by Commissioner Sklar concerning loss-of -rights issues with the Calaveras Dam Project Mr. Irons reported that there was little risk from that as the project was going forward as expeditiously as possible and that his greater concern was to get the work done and get it back into use as soon as possible. Regarding the Irvington Tunnel, Commissioner Sklar inquired if any reconsideration had been given to the portals.

In response to Commissioner Sklar's expression of concern about increased costs and suggestion that they would warrant reconsideration of some options, Mr. Irons explained a series of means that were envisioned to address and mitigate expected cost increases that he would document in a memo. In response to questions by President Brooks, Assistant General Manager Harlan Kelly discussed the importance of incentive programs, in particular construction management incentives, to encourage cost effective performance.

Commissioner Sklar noted that as projects go forward the real costs figures become more refined. Mr. Irons agreed and noted that many numbers were still largely based on the 2005-start point and would in the course of the Program's unfolding become more focused. The Commission's discussion next addressed the matter of scope slide and particular attention was devoted to addressing these in Ms. Labonte's slide #8. Commissioner Sklar noted that this was a key chart.

President Brooks observed that the Program was still early in its processes and that as the General Manager had said earlier that this risk evaluation process was a voluntary process that the Commission and staff will look to reevaluate in the next year or two and on an ongoing basis. President Brooks emphasized that he saw our schedule as a living document because projects will change. President Brooks did not want to give anyone an impression that because a project changes or the schedule changes, that we were not accomplishing our goals. The Commission President noted that what was important was how we end up at the end of the day. President Brooks thought that this needed to be said loud and clear, because various people have already appeared before the Commission to try to play a gotcha game and while the Program may be behind schedule six months, for him it did not really matter significantly. Instead, the Commission President stated, what was important was where the complete program stood at the end of the day regarding achieving our goal to have everything necessary in place before the next big one hits.

Commissioner Normandy recalled how the previous workshops had provided information to guide an

informed restructuring and where necessary re-organization of the Program and that this workshop then pointed to where the Program was at this point and what specific options and risks needed to be carefully considered. Next Commissioner Normandy observed that in a presentation in October, he recalled that he had highlighted two recommendations in the risk assessment that he felt needed very careful consideration, which could require a policy decision on the Commission's part. Commissioner Normandy then reiterated the two points: first noting that in the risk assessment, Parsons - Hill recommended that an increase in the existing escalation rate from 3.5 to 4.5, which would translate into increasing our competence level from 40% to 50% and so doing add \$95 million to the Program costs. Perhaps, Commissioner Normandy suggested, Parsons might add some additional information on this point.

Program Consultant Mr. David Backus came forward to offer his best professional interpretation of what all of this might mean. Mr. Backus noted that they had spent quite a bit of time looking at escalation and that the consultants went through several iterations of that study. He reported that they had gone to outside organizations, to industry organizations, to government organizations, and rifled in on what appeared to be the most likely escalation rates. These were Mr. Backus said based on information received all ruled down to the 4.5%. Mr. Backus reported that he had talked at length with PUC staff, including Deputy General Manager Tony Irons and that he had personally spent some time on this as well saying again, it was a crystal ball figure but strongly based on exploration of every avenue that can be explored. Mr. Backus reported that their rifling in on what they believed the industry would carry from an escalation standpoint, and the consensus was 4.5%.

Commissioner Sklar noted that this was a risk we cannot mitigate because we were not in control of the construction inflation rate and that it was outside of our power here. He noted this was something we were going to have to watch very closely, and if the 4.5 becomes more likely than 3.5 at some point the Commission would have to recognize it and plug a number in. He then asked Mr. Backus another question. Is a factor of this the cost of materials? Mr. Backus replied certainly, material plays into escalation cost, among a number of factors play into it.

Commissioner Sklar noted that one of the reasons he had asked about materials, was that the Commission had discussions early on asking if it might not be wise, and prudent and if possible to buy materials at today's cost, to help stave off some of the potential for escalation tomorrow. Commissioner Sklar did not know if that was possible noting in addition; staging issues, manufacturer's issues, and carrying cost issues. President Brooks noted that he would assume that on every project one could expect a long lead-time to obtain items and that advance procurement might produce savings. Mr. Backus responded by noting that people dealing in future deliveries also hedge their prices knowing the price may rise and they may not offer you tomorrow's price today. In response to a question from President Brooks, Ms. Labonte indicated that staff would continue to identify opportunities for advance purchase as it was prudent in any effort such as this ongoing program, and to continually monitor and evaluate material costs, equipment costs, labor costs. Mr. Backus noted this tends to be a crystal ball exercise noting who three or four years ago, would have thought that there would be shortages of cement and have to go to Mexico to bring it across the border in order to have enough to supply construction projects. In addition, Mr. Backus noted who would have thought that China could seem to be absorbing all the steel in the world and steel wasn't available. Mr. Backus noted that those things are going to be looked at continuously and looking at the industry sources staff could determine, within a reasonable time frame, what will most likely be available at what cost. Mr. Backus then noted the task will be to track this information historically, project it into the future. He noted in conclusion that material costs are an area that particularly we need to hedge.

Commissioner Hochschild then asked as follow-up, what kind of cost reduction could the SFPUC expect if we were to aggregate our purchases, procuring these equipment and materials sequentially, but to buying it in bulk? Mr. Backus replied if there are materials that are consistently used throughout the entire program, obviously there would be a savings in stockpiling, and mass buying, bulk buying, if you will. Citing as an example, a sister project at southern Nevada, also a multi-billion-dollar program that will require large quantities of pipe at any given point in time. Therefore Mr. Backus reported they have considered creating fabricating facility and then continuing to fabricate their own pipe. So all of those things need to be looked at, and he noted this team that is working this program looks at those things daily.

Commissioner Sklar asked if we were to procure sequentially as the project goes forward, what kind of savings would we be able to generate. Deputy General Manager Irons reported that staff were actually were looking into pre-purchasing pipe, as that was something that Commissioner Brooks had

previously mentioned to us. Mr. Irons noted that the only concern that we had was that when you purchase pipe and give it to the contractor, if there was a problem, then the City gets in the middle of a question of "is it defective pipe", then the contractor would look at us, and then we would have to look at the supplier. Mr. Irons noted staff was looking at the risk of doing that, but having it done in such a way that we can write into the contracts that you go to this place, and you get your pipe, and we have the futures at a fixed price. Deputy General Manager Irons then suggested that perhaps what the PUC ought to do was talk to our colleagues at the southern Nevada project and discuss investing with them in their pipe fabricating plant in order to get part of the production and do it together. Mr. Irons observed that by doing so we could increase the volume and maybe make that plant more efficient. Mr. Backus replied that that was certainly something he was sure he could take back and you would have excited people in southern Nevada.

In response to a question from Vice President Caen it was confirmed that the 3.5% escalation rate had been determined when the Program was set up in 2005.

Commissioner Normandy noted to sum up that these were pretty difficult decisions before the Commission, to decide whether you want to add \$95 million dollars to your program, or cut projects to increase your competence level from 40 to 50%. In addition he noted there was a second recommendation in the Risk assessment to consider adding an additional program-wide contingency fund. Commissioner Normandy noted that Parsons had specifically recommended a program contingency fund in the order of 5 to 10%, observing that a 5% addition would result in \$219 million. Commissioner Normandy observed that the challenge was that as the Program was still in an early stage it would be difficult to estimate exactly how much we would need, and if it would be needed at this point.

Commissioner Normandy then noted the options to reduce costs all involved difficult choices and required a clear understanding and prioritization of what \$13 million in proposals if necessary could be reconsidered without reducing the Program's goals.

The General Manager pointed out that this was not an action item, and what she recommended, under her understanding from the City Attorney, Ms. Ambrose, was that the Commission did not need to take a formal action at this meeting for this process to continue to go forward. Ms. Leal proposed that staff go forward with the recommendations as presented, and put these proposals out in an AB1823 notice so that would be done.

The General Manger reported that staff would take the recommendations as presented and make them part of the notice, so that the required 30 day period public review would run in December, and then a revised proposed with inclusion of other input would come back to the Commission for action in January. In response to Commissioners' questions as to what would be noticed as no decisions had been made it was explained that in Ms. Labonte's presentation, there were a number of changes to scope that had been identified, and in the Commissioner's handout more clearly identified. These schedule and scope changes would be posted for public review. It was clarified that AB1823 required if the SFPUC made changes the scope or the schedule of projects, the Agency was mandated to hold a 30-day public hearing process and must notify the state of our intent to do so. This review period could then close after 30 days or whatever length of time subsequent that the Commission chooses, with a submittal to the state of recommended changes. Ms. Ambrose noted that there are recommended changes to the program that Ms. Labonte had presented that did rise to the level of triggering a AB1823 notification. In response to a question by President Brooks as to what happened if there were additional changes made to the recommendations would this notice process have to be repeated. Ms. Ambrose further clarified that AB 1823 does not address cost issues so only those changes related to the scope and schedule rather than cost escalation would trigger a public review requirement. President Brooks then asked from a prudent standpoint should the Commission wait or go ahead and publish these recommendations now and then after additional input adopt a modified Program and if necessary put it out for review again?

Deputy General Manager Tony Irons replied that he thought the prudent step was to make the notification of these recommended changes, get them out into the public realm, and start discussing them in a series of open public hearings where the interested public can also comment on the recommended changes. President Brooks reiterated his question to make clear the options asking would the Commission have to repeat this process if there were changes. Deputy City Attorney Ambrose replied the options under consideration at this meeting did not require the Commission to do anything except proceed with noticing of what was being proposed that fell within the scope of issues addressed in AB 1823. Mr. Irons suggested that what may happen in January was that the

Commission may decide to take option one as presented or say wait five months and see if the expected trends continue to unfold, and then adopt it. Mr. Irons then noted that by that point the Commission would have gone through the required notice period and therefore could take action in a month. The Deputy General Manager further explained that if the Commission wished to further consider the options presented in this workshop - option one, Ms. Labonte had already said she would be bringing them back with additional input anyway so the Commissioners did not need to do anything. The Deputy General Manager then observed that the AB 1823 process had to be done in any event and that in his view one of the bigger problems was that most of the people in the room were staff or somehow connected to this project.

President Brooks observed that it had been a most informative, most valuable presentation. President Brooks then suggested to Mr. Jenson that Ms. Labonte present this same kind of conversation to his organization, as well as with the transparency group as they could well benefit from hearing this information. President Brooks recommended that the Commission allow Ms. Labonte to carry her show out and explain it directly to others rather than transmit it to these other interested parties through the Commission. President Brooks reported that he had had a conversation with Mr. Jenson about this review process and that he wanted to take it a step further and have the BAWSCA Board participate in a meeting with the Commission at some point in time. President Brooks emphasized that the SFPUC needed to continue our outreach and suggested that the Commission continue as recommended and post the required notice. In addition, President Brooks recommended that staff have further conversations with BAWSCA, and then bring a proposal formally to the Commission for approval at the second meeting in January.

Deputy General Manager Tony Irons confirmed that staff would post all the documents on the web so they will be available, and proceed from there.

END OF PART I

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SAN FRANCISCO Public Utilities Commission

12/11/07 Minutes San Francisco Public Utilities Commission

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MINUTES**REGULAR MEETING**

Tuesday, December 11, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President

The Honorable Ann Moller Caen, Vice President

The Honorable E. Dennis Normandy

The Honorable Richard Sklar

The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise

Wastewater Enterprise

Power Enterprise

Infrastructure

Business Services

External Affairs

Gavin Newsom

MAYOR

Susan Leal

GENERAL MANAGER

Michael Housh

SECRETARY**ORDER OF BUSINESS:**

1. Call to Order: 1: 35 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, and Commissioner David Hochschild.

3. Approval of Minutes

Moved by Sklar, seconded by Normandy, to adopt the amended Minutes of October 19th, October 31st, November 13th, and November 14th, 2007 regular and special meetings; passed (4-0) unanimously.

Commissioner Sklar requested that a linked copy of the final approved as amended Resolution 07-0188 on the combustion turbines project be attached to the Minutes of the Special October 31, 2007 meeting.

- a) Minutes of the October 31, 2007, Special Meeting
- b) Minutes of the November 13, 2007, Regular Meeting
- c) Minutes of the November 14, 2007, Special Meeting
- d) Amended Minutes of the October 19, 2007, Special Meeting

4. Public Comments

No public comment was offered on matters not on today's agenda.

Vice President Ann Moller Caen joined the meeting at 1:45 PM.

5. Communications

6. Other Commission Business

Commissioner Sklar proposed consideration of differential rates for winter and summer water use in the interest of addressing and encouraging water conservation noting that the winter usage generally reflected baseline uses meeting core water needs, the increased summer usage levels often reflected outdoor landscaping and recreational uses. Commissioner Sklar noted that use of such differential rates was common among water agencies and could be implemented as an additional tool to encourage conservation and more efficiently and fairly manage use in this period of climate change. Commissioner Sklar observed that

by implementing such a program the PUC could create a pool of additional funds that would be available to all of the PUC's system users for system improvements. President Brooks noted this could be a good approach with the additional consideration of the specialized needs of some businesses factored in.

In response to a question by Vice President Caen there followed a brief preliminary discussion of the plans for the upcoming FY 2008-09 Budget meetings. Commissioner Sklar again noted that as the PUC was now in the third year of a five year effort to shift fully to a program base budget he would expect to see program budgeting at both the program and subprogram level and that he was not prepared to vote to approve any budget that was not so presented.

7. Report of the General Manager

a) Water System Improvement Program

Water System Improvement Program Manager Julie Labonte presented a brief update on WSIP activities and ongoing planning undertaken following the third WSIP Workshop. Ms. Labonte further explained the escalation rate previously discussed and provided updates on a few projects. Ms. Labonte then turned to Construction management issues and further explained the draft construction management plan as well as a program safety program. Ms. Labonte noted she would be meeting with BAWSCA to discuss their concerns with the information presented in the WSIP Workshops and get their input and would then bring back an evolved plan to the Commission for its review and consideration in January 2008. This the WSIP Manager noted would be an opportunity to set clear milestones in the way forward. Ms. Labonte then discussed in greater detail several specific projects. In response to a question by Commissioner Sklar, Ms. Labonte reported that the plan was for a hybrid model of construction management encompassing both regional construction management as well as technical construction management for projects like tunnels and dams.

b) Proposed Solar Rebate Program

General Manager Leal noted that this item would more accurately be called a solar initiative program. Ms. Leal then introduced Wade Crowfoot representing Mayor Newsom who then reported on this new initiative proposed by Mayor Newsom and Assessor Ting in conjunction with the PUC and the City's Department of the Environment that would offer companies and residents local government-funded loans and rebates to offset the costs of installing solar panels. Mr. Crowfoot lauded Commissioner Hochschild's leadership role in developing this new program and thanked the PUC for its leadership in making \$50 million in funding available. Mr. Crowfoot next indicated that Mayor Newsom proposed to bring its various elements quickly before the Board of Supervisors and before the voters next year. Commissioner Hochschild, a member of the Solar Task Force, outlined the Solar Task Force's 10 month effort and dedicated hard work developing this model program and reported that it was hoped this program would bring the number of in-city solar installations to 10,000 over the next decade by cutting property owners' out-of-pocket costs by half, if not more. Commissioner Hochschild reported that this new initiative was made possible by a change in state law and the offer to make available PUC funds to sustain the program. Commissioner Hochschild noted that this program would encourage local solar producers and could provide up to 50 megawatts of locally generated solar power. Commissioner Sklar applauded the efforts done so far and urged that this ambitious program be followed up with an equally aggressive program of implementation noting San Francisco's dismal record to date in actually creating alternative energy projects. Commissioner Hochschild then explained how the change in State law had helped and called attention to Speaker Pelosi's efforts to move green energy programs through the Congress could provide additional support in the coming years.

Ms. Leal noted that San Francisco's program would be open to all and may be the nation's most ambitious providing a model for other communities because it coupled refunds and loans, making it the most sweeping program seen on municipal level in the nation and equal to those offered by some states. Barbara Hale, Assistant General Manager for Power, reported that participants would be eligible for rebates of up to \$10,000. Ms. Hale reported residents would receive \$3,000 to \$5,000 off the cost of installing solar panels depending on whether they used a local contractor and their property was located in a low-income neighborhood to provide redress for environmental justice issues. The City would underwrite the cost of the loans, which commercial and residential owners would pay back through annual tax assessments on their properties. It was reported that about 660 homes and other buildings in San Francisco currently have solar installations. Ms. Hale provided information so that San Francisco resident's could look up their home's solar potential through an online solar map. Ms. Hale noted that staff was already developing the forms and administrative structures to go forward quickly once the program was authorized.

Commissioner Sklar urged that the program have an emphasis on targeted assistance to low-income communities in interest of environmental justice. Vice President Caen asked why this matter was announced in a press conference before it had been discussed at the Commission and was informed by Mr. Crowfoot that this was simply the result of everything in process fortuitously coming together since that last meeting of the Commission so that it could be announced ahead of the deadline to qualify it for the ballot. Additionally, it was reported that the Mayor wished to move forward without delay in getting the legislative process underway. Commissioner Sklar, noting Commissioner Hochschild's leadership role in moving this forward, was sure that the Commission would have a very active part in bringing this project forward. In response to a question by Commissioner Sklar, Mr. Crowfoot agreed that steps would be taken to allow involvement of ongoing solar installation projects

so as not to penalize those who were already making a special effort to move forward in developing this resource. It was posited that there were several dates that could be considered as the beginning date for the program and that provision could be made in any enacted legislation to address this concern.

In response to a query from Commissioner Sklar concerning a related matter, Ms. Hale discussed further the conversion of existing light bulbs to fluorescent energy saving bulbs noting there were some places where conversion would be a bit more difficult. Ms. Hale noted that staff were currently converting PUC facilities only, and only the twist-in applications that did not require changing the lamp itself. Also, Ms. Hale reported that not all locations could appropriately be converted. Responding to a follow up question, Ms. Hale proposed to identify how many PUC facility bulbs that cannot be converted.

Commissioner Sklar observed that he had informed the Mayor at their last meeting that there were many types of these energy saving bulbs now available other than the basic spiral tube design and that the period fixtures in anteroom of Room 200 City Hall could also be appropriately relamped to save energy. President Brooks noted that this program along with state funded incentives provides opportunity to move forward aggressively and that he was sure that the PUC would take a leadership role in encouraging businesses to move in this direction. It was noted that funds generated by the new Transbay Transmission Cable could be put to use to encourage residents to undertake additional energy conservation measures. In response to a question by Commissioner Hochschild, Mr. Gary Oto, Power Enterprise Energy Efficiency Manager, noted that it was possible to track how many bulbs of various types the City was purchasing and take steps to encourage citywide conversion. It was suggested that the Mayor issue an Executive Order that City Department make the transition as soon as possible. In response to a question by Commissioner Normandy, Mr. Oto indicated that safe disposal of the existing and new lamps as they were replaced was already an ongoing part of the conversion process. Mr. Oto further indicated that educating purchasers to consider these issues was a major part of the ongoing efforts to identify and implement energy efficiencies in City Departments. The General Manager reported that she would review the figures for various costs involved and bring that information back to the Commissioners.

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report.

BAWSCA General Manager Art Jensen began his report by thanking President Brooks for attending the recent BAWSCA meeting and then staying for the entire meeting. Mr. Jensen reported that PUC staff was working very cooperatively with his agency to address all of the issues and concerns highlighted in the recent WSIP Workshops. Mr. Jensen additionally observed that he would bring back BAWSCA's comments on the PEIR in January and was looking forward to an meeting with Ms. Labonte to address issues of mutual concern. President Brooks responded suggesting that he thought it a good idea to invite the BAWSCA Board to participate in a meeting with the Commission early next year.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

Moved by Normandy, seconded by Hochschild, to adopt Agenda Item 9 items a through l listed under the Consent Calendar; passed (5-0 Brooks, Caen, Normandy, Sklar, Hochschild, unanimously).

a) Resolution No. 07-0194:

Approve the plans and specifications and award CUW 260 Water Main Replacement/Retrofit Program-funded Contract No. WD 2435 6-Inch & 8-Inch Ductile Iron Main Installation in Broadway, Powell St., Sacramento St., Salmon St., and Wayne Pl. in the amount of \$1,322,895.70 to the lowest, qualified, responsible and responsive bidder, Synergy Project Management.

b) Resolution No. 07-0195:

Approve Modification No. 3 to CUW260 - Water Enterprise Water Main Replacement/Retrofit Program-funded Contract No. WD-2436R, Bernal Heights Pipeline Installation and Powhattan Ave. Improvements, with NTK Construction Inc., increasing the contract by \$102,071, for a total contract amount of \$4,621,077 with 220 calendar days non-compensable time extension for a total contract duration of 585 consecutive calendar days.

c) Resolution No. 07-0196:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW 419, Hoffman Ave. and 21st/ Jersey / Noe / Romain Streets Sewer Replacement, in the amount of \$917,000, to the lowest, qualified, responsible and responsive bidder, M Squared Construction.

d) Resolution No. 07-0197:

Approve the plans and specifications and award 5-Year CIP Program-funded Contract No. WW-424, Phelps St/Topeka

Ave/Pomona St Sewer Replacement, in the amount of \$2,017,227, to the lowest, qualified, responsible and responsive bidder, D'Arcy and Harty Construction, Inc.

e) Resolution No. 07-0198:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-445 Southeast Community Facility HVAC Upgrades, in the amount of \$1,574,360, to the lowest, qualified, responsible and responsive bidder, LC General Engineering & Construction, Inc.

f) Resolution No. 07-0199:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-446 Southeast Community Center Facility Disability Access Work and Deck Improvements, in the amount of \$1,566,800, to the lowest, qualified, responsible and responsive bidder, CDX Builders.

g) Resolution No. 07-0200:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-448, Replacement of Magnetic Flow Meters at Sunnydale & Griffith Pump Stations, in the amount of \$452,200, to the lowest, qualified, responsible and responsive bidder, NTK Construction.

h) Resolution No. 07-0201:

Approve Amendment No. 2 to Water Enterprise Program funded Agreement No. CS-842, Agreement to furnish Architectural and Engineering Design Services for the New SFPUC Administration Office Building at 525 Golden Gate Avenue, with KMD/Stevens + Associates a joint venture of architects, the partners of which are: Kaplan McLaughlin Diaz and Stevens + Associates, with no increase to the contract value but with a time extension of 6 weeks.

i) Resolution No. 07-0202:

Accept work performed for Water Enterprise, Water Main Replace/Retrofit Program-funded Contract No. WD-2460, Church Street 6-Inch & 8-Inch Ductile Iron Pipe Main Installation, by J. Flores Construction, approve Modification No. 1 increasing the contract by \$7,485.09, Modification No. 2 increasing the contract by \$11,126.72 and Modification No. 3 (final) increasing the contract by \$144,496.05 for a total contract amount of \$2,500,483.86 and authorize final payment, in the amount of \$286,140.40, to the contractor.

j) Resolution No. 07-0203:

Accept work performed for Water Enterprise Water Main Replacement/Retrofit Program funded Contract No. WD-2471, Stockton Street 8" & 12" Ductile Iron Main Installation, by Synergy Project Management, approve Modification No. 3 increasing the contract by \$20,735 and Modification No. 4 increasing the contract by \$20,000, and Modification No. 5 (Final) decreasing the contract by \$56.96 for a total contract amount of \$1,021,028.04 and authorize final payment, in the amount of \$70,051.40 to Synergy Project Management.

k) Resolution No. 0204: A

Authorize the General Manager or the Assistant General Manager – Water Enterprise of the San Francisco Public Utilities Commission to submit an application to the California Department of Water Resources for a Local Groundwater Assistance Grant and to take the steps necessary to accept and expend the grant if awarded.

l) Resolution No. 0205:

Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve a four and one-half month lease with one five (5) year extension option for office space located on the 7th floor at 1145 Market Street comprising approximately 11,403 square feet.

REGULAR BUSINESS

10. Discussion and possible action related to authorize General Manager to execute the Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC), the City of South San Francisco (South San Francisco), and the California Water Service Company (Cal Water) for the purpose of sharing costs and responsibilities for producing a Recycled Water Facility Plan for the Irrigation of Orange Park, California Golf Club, Linear Park, Golden Gate National Cemetery, and cemeteries in the Town of Colma.

Public Comment:

Mr. Art Jensen, BAWSCA, requested information regarding how the related costs were to be allocated among the SFPUC's customers in this item?

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0206:

Authorize General Manager to execute the Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC), the City of South San Francisco (South San Francisco), and the California Water Service Company (Cal Water) for the purpose of sharing costs and responsibilities for producing a Recycled Water Facility Plan for the irrigation of Orange Park, California Golf Club, Linear Park, Golden Gate National Cemetery, and cemeteries in the Town of Colma. The apportionment of the SFPUC's costs in the MOU for the development of the Recycled Water Facility Plan will not exceed \$57,733.

11. Discussion and possible action related to authorize the General Manager to execute a Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC) and the North San Mateo County Sanitation District (NSMCSD), a subsidiary of the City of Daly City (Daly City). (Kelly)

Public Comment:

Mr. Art Jensen, BAWSCA, requested similar information on cost allocation among customers and was informed that the costs were to be funded by the WSIP and allocated into the rate base.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0207:

Authorize the General Manager to execute a Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC) and the North San Mateo County Sanitation District (NSMCSD), a subsidiary of the City of Daly City (Daly City). The scope of the MOU includes the provision of environmental consulting services, engineering design, permitting, geotechnical investigation, and surveying up to the construction phase of the project. The SFPUC's anticipated share of project costs is an amount not to exceed \$753,648. The requested funding would be through the Water System Improvement Program (WSIP).

12. Discussion and possible action related to approve the reallocation of appropriated funds from Water System Improvement Program-funded project CUW36104 to fund additional costs related to Water System Improvement Program-funded project CUW37101 – Crystal Springs / San Andreas Transmission System Upgrade.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0208:

Approve the reallocation of appropriated funds, in the amount of \$2,500,000, from Water System Improvement Program-funded project CUW36104 - Pulgas Balancing Reservoir Rehab (Phase 4)-Laguna Creek Sedimentation, to fund additional costs related to Water System Improvement Program-funded project CUW37101 – Crystal Springs / San Andreas Transmission System Upgrade.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to WD-2469 Forest Knolls Pump Station and storage Tank Upgrade.

President Brooks Proposed that Items 13 and 14 be heard together. In response to questions from President Brooks and Commissioner Sklar, Assistant General Manager for Infrastructure Kelly identified the numbers of bidders and discussed the circumstances of the bid awards.

Resolution No. 07-0209:

Approve the plans and specifications and award Water Enterprise Water System Improvement Program WD-2469 Forest Knolls Pump Station and Storage Tank Upgrade, in the amount of \$6,547,000, to the lowest, qualified, responsible and responsive bidder, Cal State Constructors, Inc.

14. Discussion and possible action related to approve the plans and specifications and award Water Enterprise, Water System Improvement Program-funded Contract No. WD-2501.

Moved by Vice President Caen, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0210:

Approve the plans and specifications and award Water Enterprise, Water System Improvement Program-funded Contract No. WD-2501 Alemany Pump Station Upgrade, in the amount of \$23,269,000, to the lowest, qualified, responsible and responsive bidder, Monterey Mechanical Co.

15. Discussion and possible action related to Project No. CUW – 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, New PUC Administration Office Building.

Contracts Manager Ivy Fine and 525 Golden Gate Project Direct Edgar Lopez presented an update continuing the ongoing contract approval process for the SFPUC Headquarters Building located at 525 Golden Gate Avenue begun by Deputy General Manager Tony Irons' presentation on this project at the Commission's July 24, 2007, regular meeting. President Brooks asked Ms. Fine to describe how the PUC would be protected against project cost increases under the contract as proposed. Commissioner Sklar expressed grave reservations concerning the possible risks to the PUC by using a Design Build Contract model without a clearly defined means written into the contract to provide incentives for the contractor to keep control of costs. The Commissioner observed that as written the cost of the building could spiral out of control and the PUC be left responsible. Mr. Lopez noted that while unusual for the City, this model of contract had been used to construct the new Academy of Sciences Building in Golden Gate Park and was proposed to be used for the rebuild of San Francisco General Hospital. When asked by Commissioner Sklar he could not provide figures to demonstrate how the Academy of Sciences project was costing out in comparison to its preconstruction estimates. Commissioner Sklar noted that this model, while effective for major corporations planning multiple building projects over several years was in his decades of professional experience in the construction business very risky for public agencies to attempt. Commissioner Sklar observed that it was essential that these issues be locked down in the contract from the beginning so that when the multiple trade packages came in the contractor would have incentive to keep costs down. The Commissioner observed that Mr. Lopez' suggestion that value engineering to contain costs after the construction contract was signed would be ineffective in addressing his basic concerns about capping the PUC's risk for exposure to significant cost increases on this project. Commissioner Sklar urged his colleagues consider that it was better to take the time and spend the money to get an independent evaluation of how best to structure this project now rather than to wait and face unknown risks.

Staff Recommendation: Approve and award Construction Manager/General Contractor (CM/GC) contract funded by Project No. CUW – 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, new SFPUC Administration Office Building, in the amount of \$141,000,000, to the determined best value bidder, Webcor Builders.

Ms. Leal requested the Commission to give staff time to discuss and clarify aspects of the agenda item that concerned the Commissioners and return with comments before the beginning of Closed Session. President Brooks then continued this item.

Close

16. Discussion and possible action related to Contract No. WD-2391 Lane Street Pump Station Upgrade, approve modification No 5 (Final) for a time extension, and authorize final payment.

President Brooks proposed that Items 16, and 17 be taken up together.

Resolution No. 07-0211:

Accept work performed by Millard Tong Construction for Water Enterprise A & B Bond-funded Contract No. WD-2391 Lane Street Pump Station Upgrade, approve modification No 5 (Final) for a time extension of 315 consecutive calendar days for a total contract amount of \$1,322,199, and with a total contract duration of 680 consecutive calendar days; and authorize final payment, in the amount of \$133,370.85, to the contractor.

17. Discussion and possible action related to Contract No. WD-2392 Crocker Amazon Pump Station Upgrade, approve Modification No. 5 (Final).

Moved by Commissioner Sklar, seconded by Commissioner Hochschild to adopt the resolutions; passed (5-0 Brooks, Caen, Normandy Sklar, Hochschild) unanimously.

Resolution No. 07-0212:

Accept work performed by Trinet Construction for Water Enterprise Water System Improvement Program-funded Contract No. WD-2392 Crocker Amazon Pump Station Upgrade, approve Modification No. 5 (Final), for a time extension of 223 consecutive calendar days for a total contract amount of \$2,341,394, and with a total contract duration of 738 consecutive calendar days.

PROFESSIONAL SERVICE CONTRACTS

Award

President Brooks proposed that Agenda Items 18, 19, and 20 be considered and acted upon together. Commissioner Sklar

noted that this contract posed a policy question if not a legal one in that CH2M Hill had a pre-existing involvement that appeared to preclude its participation in this contract unless the Commission chose to waive its policy. Commissioner Sklar expressed discomfort with this situation and asked staff to fully and carefully outline why they felt in particular that an award of Item 18 would not violate the Commission's clear policy directive that stated policy that says, "any prime entity that was awarded a contract for program management and preconstruction management and its subconsultants, would not be allowed to perform design engineering or environmental or water services for the Water System Improvement Program."

After a presentation by staff President Brooks noted that it did appear that approval of these contracts for these specific tasks did not violate the Commission Policy. Deputy City Attorney Noreen Ambrose concurred and amplified why she felt that there were no legal impediments to awarding these contracts nor any violation of the specific prohibitions of Commission Policy that would necessitate a waiver.

In response to detailed questions concerning the bid process from President Brooks, Assistant General Manager for Infrastructure Kelly described the process followed in some detail noting that staff had made a significant effort at outreach on these projects and this had been a rigorous competitive process. Commissioner Sklar emphasized that he did not find any fault of intention or action in this matter on anyone's part but was very concerned that this question be fully examined and re-evaluated by the Commission so that everyone was clear on what was allowed and what was not.

President Brooks asked if the dearth of bids on one of these items reflected the beginning of a squeeze of too many projects with too few firms able to perform the work. Ms. Labonte said she thought not and outlined again that on two of the items there were multiple bidders. In response to a query from Commissioner Sklar she reiterated that she did not think these contracts contravened the Commission Policy, and noted that in fact they had been deliberately separated out and put through a competitive process. Commissioner Sklar again expressed discomfort that the Commission's clear purpose that if firms chose to take one path of participation in WSP if they could not participate in others. Deputy City Attorney Ambrose then walked through the process that she felt fully clarified that these were appropriate and that the Commission did not need to grant a waiver as it was not legally necessary.

In response to a question by President Brooks concerning other such contracts still to come, Ms. Labonte noted that these were among the last few of this type of contract to come before the Commission as the Program was shifting into the more active phase running up to construction. Commissioner Sklar again expressed his great discomfort with the appearance that an insider had such an advantage that in future others might be discouraged from bidding. Vice President Caen asked that the policy be reiterated. President Brooks noted that it might require further fine-tuning. Ms. Labonte stated that should these items not go forward there would be a gap in the program that would have impacts on the schedule down the line. Deputy City Attorney Noreen Ambrose again reviewed the legal issues as well as re-read the policy and found not legal or policy reason not to go forward. Ms. Labonte emphasized that staff took these conflict matters very seriously. Commissioner Sklar again noted that he was not finding fault but that this matter would have better be left in the Project Management Contract than there would have been no question. Assistant General Manager Kelly reviewed the entire contract competition process again. Vice President Caen expressed discomfort with taking action given the lack of clarity about what the policy specifically mandated. The Deputy City Attorney noted that it was not possible to rewrite the request for proposals (RFP) that led to these contracts at this point and that there were no legal impediments to going forward on them. Discussion among the Commissioners made clear that they wished to be crystal clear as to how seriously they viewed the need to address any hint of giving unfair advantage.

President Brooks and Commissioner Normandy summed up the discussion by noting that any lingering questions needed to be cleared up. Ms. Labonte proposed to bring back further refinements to the existing policy in January. In the interest of making it clear that the Commission's view on this matter had not changed, Commissioner Sklar proposed that a specific waiver of the policy in these cases be made and that then the Commission could act to clarify any uncertainties before this situation re-occurred. Commissioner Normandy called attention to the point that what was defined as a "subcontractor" had not been thoroughly quantified and that he wanted to be certain that all bidders were treated equally. Ms. Ambrose again noted there were no legal impediments to approval at this time and that a waiver was not necessary. Commissioners Sklar and Normandy still felt that there was sufficient ambiguity in this situation that approval conditional on a specific waiver of policy in these cases was needed pending clarification so that what was intended was crystal clear to all. President Brooks indicated he did not think this necessary given the City Attorney's opinion.

18. Discussion and possible action related to Agreement No. CS-880, Engineering Third Party Review Services.

Resolution No. 07-0213:

Approve the selection of CH2M Hill, Camp Dresser & McKee Inc., and MWH; award Water System Improvement Program-funded Agreement No. CS-880, Engineering Third Party Review Services, to provide independent review of engineering documents of all the regional projects of the Water System Improvement Program; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute separate professional services agreements with CH2M Hill, Camp Dresser & McKee Inc., and MWH for an amount not to exceed \$3,000,000 each, for a total not to exceed \$9,000,000, and with a duration of four years.

19. Discussion and possible action related to Agreement No. CS-893, Systems Engineering Services for the WSIP, to provide systems engineering, including but not limited to: hydraulic and seismic reliability modeling; and execute a professional services agreement with CH2M Hill for an amount not to exceed \$4 million, and with a duration of five years.

Resolution No.07-0214:

Approve the selection of CH2M Hill; award Water System Improvement Program-funded (WSIP-funded) Agreement No. CS-893, Systems Engineering Services for the WSIP, to provide systems engineering, including but not limited to: hydraulic and seismic reliability modeling; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with CH2M Hill for an amount not to exceed \$4 million, and with a duration of five years, or, in the event negotiations are not successful or City requirements are not satisfied, to re-advertise the RFP for Systems Engineering Services.

20. Discussion and possible action related to Agreement No. CS-894, for Pipeline Condition Assessment Services and authorize the General Manager to negotiate and execute a professional services agreement with CH2M Hill for an amount not to exceed \$3,550,000, and with a duration of five (5) years.

Resolution No. 07-0215:

Approve the selection of CH2M Hill; award Water Enterprise Project Funded Agreement No. CS-894, for Pipeline Condition Assessment Services, to provide the SFPUC with evaluation of Hetch Hetchy Water & Power (HHWP) pipeline facilities, including but not limited to evaluation through direct examination, fitness for life investigations and pipeline system rehabilitation plans. May also be called upon to provide other related engineering support services during the term of the Professional Services Agreement; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with CH2M Hill for an amount not to exceed \$3,550,000, and with a duration of five (5) years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

Prior to final approval of Agenda Items 18, 19, and 20 it was:

Moved by Commissioner Normandy, seconded by Commissioner Sklar that: the Commission intended to specifically waive in these cases any considerations related to the Commission's policy that says, "any prime entity that was awarded a contract for program management and preconstruction management and its subconsultants, would not be allowed to perform design engineering or environmental or water services for the Water System Improvement Program." passed (3-2 AYE Normandy, Sklar, Hochschild - NO Brooks, Caen).

Approval of Agenda Items 18, 19, and 20 were moved by Commissioner Normandy seconded by Commissioner Sklar to adopt all three resolutions; passed (3-2 AYE Normandy, Sklar, Hochschild - NO Brooks, Caen).

15. Discussion and possible action related to Project No. CUW - 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, New PUC Administration Office Building.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, that the following resolution be continued to the regular meeting of January 8, 2008; passed (4-1 AYE Caen, Normandy, Sklar, Hochschild - NO Brooks).

After the discussion resumed on this item it became clear that the concerns raised by the Commissioners concerning the financial risks inherent in using this model of contracting for the 525 Golden Gate Avenue Project could not be sufficiently addressed to permit them to move this contract forward; therefore the item was continued to the regular meeting of January 8, 2008.

Staff Recommendation: Approve and award Construction Manager/General Contractor (CM/GC) contract funded by Project No. CUW - 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, new SFPUC Administration Office Building, in the amount of \$141,000,000, to the determined best value bidder, Webcor Builders.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.

No public comment was offered on the closed session items.

22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to assert the attorney-client privilege; passed (5-0) unanimously.

The Commission went into Closed Session at 4:45 P.M.

Present during the closed session were: President Brooks; Vice President Caen; Commissioner Normandy; Commissioner Sklar; Commissioner Hochschild; Deputy City Attorney Noreen Ambrose, Commission Secretary Michael Housh; Real Estate Manager Gary Dowd; PUC Consultant Walter Keyser; Assistant General Manager Michael Carlin, and Ms. Mancini, PUC consultant advisor.

23. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

24. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd) APN 96-375-009

Property: 308.5-acre property located in Alameda County, Calif., known as the Sunol Valley Aggregate Quarry. SMP 30.

Parties Negotiating: SFPUC - Dowd Oliver de Silva, Inc.

Under Negotiation: Price and Terms

25. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)

Resolution No. 07-0216:

James Zack dba BuiltForm Construction City Attorney File No. 07-02022 Filed: February 6, 2007

26. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)

Resolution No. 07-0217:

AT & T California Facilities City Attorney File No. 08-00785 Filed: October 4, 2007

27. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)

Resolution No. 07-0218:

Henry Leung Yiu/Donald E. Krentsa Esq. City Attorney File No. 07-02220 Filed: February 26, 2007

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (Ambrose) Anticipated Litigation: As defendant. (Ambrose)

President Brooks and Commissioner Sklar left the meeting during the closed session.

Following Closed Session, the Commission reconvened in Open Session at 5:35 P.M.

29. Announcement following Closed Session.

Following Closed Session, Vice President Caen announced that no action was taken on Items 23, 24, and 28 and that Items 25, 26, and 27 were approved during Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, not to disclose the discussions during Closed Session; passed (3-0 Normandy, Hochschild and Sklar) unanimously.

There being no further business to discuss, the meeting was adjourned at 5:37 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3777

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SAN FRANCISCO Public Utilities Commission

11/14/07 Minutes San Francisco Public Utilities Commission (part 2 of 2)

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PUBLIC COMMENT

Art Jensen General Manager of BAWSCA applauded the presentations as informative and thorough and suggested that a upcoming meeting agenda was already committed but that he would discuss opportunities for an early meeting to discuss this report.

He then cut to the chase saying that BAWSCA believed that the Commission should implement the risk mitigation plan. Mr. Jensen called them good suggestions, and urged that the Commission reevaluate after critical milestones as an ongoing thing. Mr. Jensen continued pointing out that the Program was at the beginning stages and rather than ask for money and not know where it was going to go, perhaps it would be better to wait and see if you really need it. He noted the fact that Ms. Labonte had said that she would spend additional funds if included now was of some small concern so Mr. Jensen would like the recommendation to strike the construction contingency.

Mr. Jensen noted that following preliminary conversation with Ms. Labonte there were things were still obscure and BAWSCA would like to pursue some details with MS. Labonte and General Manager Leal to make sure that BAWSCA understood what was recommended. As example he noted that one of the very first slides said the program budget, shows a 6% increase. Mr. Jensen continued as we understand the documents, that 6% increase already reflects the incorporation of scope changes, so it is not as though we were looking at the November-December 2005 program but the equivalent program at today's cost and then a program at today's cost with some scope reductions. So BAWSCA wanted to understand better what were those scope changes. Mr. Jensen observed that some appear to have come from refinements due to information gained during the plan and design process; some are related to trying to keep the projection or program within budget. He noted that BAWSCA want to make sure they understand what those scope changes are.

Mr. Jensen next asked with respect to the 3.5% escalation, as he understand it the 40% competence or 3.5% escalation means a 40% chance that the escalation will be 3.5% or less, 60% chance that the escalation will exceed 3.5%. If you increase it to 4.5%, then it becomes even odds and again the question that was relevant was there a 0% chance today, that 3.5% escalation rate would be exceeded. He next asked if you could increase your escalation rate to 4.5% then it would be even odds that it would be exceeded.

Mr. Jensen then noted that the Commission discussion was focused on the right point, which was when do you make the decision and that it does not have to be today, and he concurred with that. Mr. Jensen next noted that he wanted to make sure that we both read that the same way. With respect to some of the scope changes, Mr. Jensen reported some concerns that were raised as he read the information and materials concerning proposed scope changes. Mr. Jensen noted that about \$143 million of budget might be saved through the scope reductions but that BAWSCA was very concerned that they fully understand exactly what those changes were. Mr. Jensen noted some of the recommendations relate to treatment plants, ability to meet level of service goals, and within those goals with water quality, seismic safety, ability to do routine maintenance and requirements of the service area. The BAWSCA General Manager noted on the curve that showed the concept of diminishing returns, the implication being you can spend a lot of money to get the last few percent. Mr. Jensen observed that doesn't seem to be the point we are at here because involves only \$143 million out of \$4.3 billion and observing trying to reach that level of assurance would cost a lot of money to get it. Mr. Jensen did not think that this related to those particular scope changes but about level of service or seismic changes not tied to the scope changes. This he noted was why BAWSCA wanted to make sure they work closely with Ms. Labonte and understood fully the details and implications of these changes. Mr. Jensen noted that the ones at the treatment plants were of particular concern, and he wanted to look at those closely. Mr. Jensen commented that basins not being built on Sunol were an important question, recalling that in 1985 the city had an operational problem, and received a compliance order. Mr. Jensen continued that one of the critical things he wanted to make sure the Commissioners understood as policy-makers was that when San Francisco received a compliance order, 27 other agencies receive compliance orders as well, and were all being held accountable by the State of California for the quality of water that they received from the SFPUC and that they deliver. Mr. Jensen also noted that in the discussion of costs and tradeoffs, there was one set of costs or tradeoffs that weren't discussed. What happens if you don't invest that money? He noted this was not an argument to say that you should, but it was an important consideration that needed to be evaluated. As example, Mr. Jensen cited, suppose it was a treatment plant that cannot treat the quality of the water in its reservoir or from the source. Then there are but two options: serve water that does not meet standards, which means you make announcements to the public, boil water or whatever the event happens to require; or you cut down on the production of the plant. Mr. Jensen noted when you do not serve the water then you have a water reduction and Mr. Jensen noted there were several studies available of what the cost of a drought and of water reduction would be. He then recalled when there had been fires in Hetchy Basin; there were events that lasted two or three months. These he noted can result in considerable amounts of time for reduced outflow. This then in turn has economic impacts and other impacts that result from not having that

treatment capacity. So Mr. Jensen asked the question are we really saving \$143 million, and what are the potential downsides. What he would ask the Commissioners to do and perhaps staff when they come back from the public hearings, would be to identify what are the effects on the communities that these scope changes might have. Mr. Jensen said that he did not know what the answer would be to this but thought that it was one that should be asked.

Mr. Jensen agreed with staff's view that the Commission only had to do the public review period once and then the decision was up to the Commissioners. He observed that the point of this review period was to have the opportunity for the public to know exactly what was going to be considered by the Commission and then the Commission could act. Mr. Jensen also noted that the Commission might choose to do something other than what the staff recommends, but that did not mean that you have to have another hearing. Finally, Mr. Jensen noted that President Brooks had asked about the staffing plan and a question about operating staff capability, and that was also a concern of ours. Mr. Jensen finished by saying that BAWSCA would continue to work with SFPUC staff and the General Manager on any of our concerns.

REGULAR BUSINESS

5. Staff presentation of and discussion related to the development of a draft Long Term Energy Plan. (Hale)

Commissioner Sklar pointed out that it had been his understanding that this afternoon was to discuss the water system improvement plan and that he now understood there was another presentation on the energy plan. Commissioner Sklar noted that he had not received a copy of the Energy Plan and that he become skeptical of presentations made without previously having a seen any documents, so it would have been more helpful if the Commissioners had gotten a document with their agenda materials. President Brooks noted he understood from Ms. Hale that this presentation was actually not the plan but an overview, after which Ms. Hale would ask the Commissioners for direction on the next steps.

Commissioner Sklar asked if there was a document. Ms. Hale replied that there was a draft document, and its purpose was to provide an overview to elicit comments. Ms. Hale asked that following her presentation that Commissioners send to her any questions or comments you have. After receiving this input Ms. Hale proposed to produce another iteration. The Assistant General Manager of Power noted that the draft documentation was already quite lengthy already and with next step in this process would be to get a evolved draft document to the Commissioners so that they could spend some time looking at it, then this document could brought back for action on it. Commissioner Sklar responded that he had learned over the past three or four months that documents and presentations do not always sync out and therefore he wished to see the draft document, have it, absorb it, and then hear the presentation. He then observed that any questions he would have would make much more sense to if he had the draft document to look at, since it was prepared. President Brooks noted that he understood that the overview would be very brief just seven slides. Commissioner Sklar responded that he would be whacking out at things in the presentation that he might not have done if he had seen what the basis was behind it, but he would have to deal with what he saw now.

Barbara Hale, Assistant General Manager for Power began by providing an overview of what staff had proposed in this draft to get input from the Commission to make sure that staff prepared a document that was responsive to Commission policy guidance. Ms. Hale then called attention to three documents she had given to the Commissioners and were also available for public review: a brief power point presentation; a summary of actions that included both challenges to address and proposed actions, and finally a matrix of the different technologies, technological options available as resources. These she noted gave a quick snapshot of potential, the pros and cons of a technology, as staff understands it out on the marketplace, and as a utility. General Manager Leal then discussed costs, those staff was seeing as a City Department and observed out in the marketplace, and then suggested strategies and next steps and policy considerations as they related to that particular technology. The General Manager reported that this document was intended to be a matrix that captures the different resource opportunities the SFPUC may want to pursue in a long term energy plan. The General Manager reported that she had requested that staff prepare a draft plan that addressed San Francisco's long term energy needs, with long term being defined as out to the year 2030. Doing so would bring the Power Enterprise into sync with the master plans that the other SFPUC enterprises have presented to the Commission. Ms. Hale next reported that staff had prepared a draft statement goals of that long-term plan so that by 2030, San Francisco could meet all of its electric needs with no greenhouse gas emissions through investment, energy efficiency, and renewable generation delivered by the City and County of San Francisco.

Commissioner Sklar objected that this presentation implied adoption of principles stating that the SFPUC was going to be in the public power business and take over public power generation in the City, making statement of principles, totally inconsistent with anything the Commission had adopted. President Brooks observed that this was merely an overview and that the Commission had not acted to approve anything. Commissioner Sklar commented that staff were going off the same as on the CT's and he could not let them go by without letting the record show every time there was a statement that was not consistent with anything the Commission had decided. Commissioner Sklar noted that draft states this is a principle - a principle not adopted. President Brooks observed that was the purpose of the presentation so that if there were a different direction the Commissioners wanted to go, then that direction would be incorporated into the Plan.

The General Manager then presented the second slide in the presentation, noting these were the power principles that the

Commission had adopted some time ago. These guiding principles she noted were to provide reliable service, meet 100% of net energy demands with green supply, so that green was one of the guiding principles. The third principle was to meet demand with the lowest net cost supply. Then increase local control over energy supply services. The fifth was maximum reliance on energy efficiency, and in that vein, Ms. Leal noted staff had been working with city departments to enhance energy efficiency using compact fluorescent lighting. Next the General Manager noted the 6th was on the enacting policies and practices that are self-sustaining.

Ms. Leal noted basically if ones takes all those principles and you go long term for the optimum model for the PUC to meet all its Power Enterprise Guiding Principles, this is a model in which the City provides full utility services, providing generation, ownership, contracts, energy efficiency, and distribution of transmission. General Manager Leal observed that was optimum and staff did not envision that as something that will happen, maybe never in our life times. The General Manager noted looking at transmission, the completion of Newark to San Francisco transmission line becomes a strong possibility. These Ms. Leal noted were some of the long-term options.

President Brooks noted that while he appreciated having the possibilities set out it was another matter whether the Commissioners might choose to adopt them and therefore he would like to hear all the world of possibilities, and then the Commissioners could take a step back, as a Commission, and go through them one by one, and picking goals and creating a plan that fits the goals of the Commission.

Commissioner Sklar expressed dismay with the description of this as the optimum model, suggesting that the draft reflected a judgment on the part of staff and that while he did not know if it was the optimum model for the SFPUC to own the infrastructure one could say it might be one option and he could accept that, but when you say optimum, it seems to state we have made a decision as to what is the correct way to go and was not something that should be thrown at us by staff. Commissioner Sklar also noted this plan should properly be entitled a draft staff plan in large letters at the beginning so as to be clear what it represented.

President Brooks noted that in interest of full disclosure he had requested that Commissioner Hochschild, given his expertise in these matters, take the lead working with the General Manager on the development of this policy. President Brooks asked how do we get to those guiding principles, since slides number one and number three were, no pun intended, the electric third rail. The Commission President suggested going back to the guiding principles. How do we get to them? First are what are the near term actions we can do. President Brooks observed that the SPUC has begun a number of things over the last two years since Ms. Hale has joined us, and we need to do a lot more.

Ms. Hale continued explaining that so far she had laid out the near term actions, some of the larger scale steps that we are considering under the guidance of General Manager Leal. These she has identified from the draft plan as the key steps we could take beginning first with construction of a large-scale solar facility here in the City. Ms. Hale then described the University Mound and Sunset Reservoirs as candidates, as was Summit - noting at this point University Mound was the strongest candidate for a large solar array. Ms. Hale reported this would require that staff synchronize these proposals for solar installations with the seismic retrofits, working together with Water Operations and Infrastructure and WSIP to make sure this project creates no difficulties for them. At this point Ms. Hale continued, our candidate for a first step reservoir site was University Mound, and staff proposed to put out an RFP for a design built there before the end of this year. Ms. Hale also reported staff was looking at power purchase agreements as another method, proposing to go out with a bid there. In addition she reported staff were also taking advantage of new load opportunities, and have continued to identify new load opportunities pointing out that since the SFPUC is a fully resourced utility with a customer base we have right now, in order to provide more green utilities and for more local control. The Assistant General Manager then reported staff was looking at additional redevelopment opportunities, Transbay, Hunter's Point, and Candlestick being those most readily and that staff also was continuing to assess distribution and infrastructure on the Hetch Hetchy right of way. Ms. Hale noted that there are large sections of city-owned land along our right of way, especially near the Portals, that provide good opportunities for large scale solar, potentially wind, but definitely large scale solar. There Ms. Hale noted we could do track mount solar cost effectively. The General Manager reported that staff would like to look at those more carefully and identify where the best locations are in the near term for a large scale solar facility in the range of five megawatts. Additionally Ms. Hale noted that the construction of the PUC Headquarter building provided a great opportunity to take near term actions that meet all the guiding principles, energy efficiency, local control, solar, renewable, and wind. The General Manager then proposed additional efforts to support and develop cost to service rates in the City that would help with the financial challenges. In addition Ms. Leal recommended that staff need to make sure that the PUC had a steady revenue base, so that the agency can not only expense projects, as in the past, but also finance and fund them in a way that maintains a more sustainable enterprise. Ms. Hale next reported staff had already begun our feasibility study of converting or replacing the CT's with non-fossil fuel plants. She explained that part of our discussions with the power plant developers have included that as an option. Ms. Hale also observed that in the near term the CT's Project provides the reliability the Cal-ISO has identified and mandated. Ms. Hale noted in the medium term it provides us with the reliability with resource adequacy requirements we need to meet, and in the longer term if we choose not to shut the facility down after it was paid for we could power it as a renewable facility. Assistant General Manager for Power Hale reported that staff understood this was part of the long-term plan, or could be, under the Commission's guidance. Ms. Hale noted that staff were also continuing our development of green communities, including promoting undergrounding. Ms.

Hale reported that staff under the General Manager's direction had talked about the opportunities that undergrounding presents for the SFPUC to green the resource space, and look for ways to more cost-effectively provide renewables to San Francisco businesses and residents previously to the Commission. Finally, the Assistant General Manager for Power reported that the SFPUC was supporting legislation proposing to help facilitate the sustainable energy-financing program including solar and wind power. This Ms. Hale reported was akin to the program recently enacted by Berkeley's Board of Supervisors. These the Assistant General Manager for Power reported were some near term opportunities, where the PUC could get some early wins on achieving the guiding Principles that the Commission has set.

Commissioner Sklar responded that he wanted to comment on some of these issues, first on the Hunter's Point Lennar project, he recalled there were disagreements as to the numbers and economics on that and Commissioner Caen and he were to be given a full briefing and have an analysis of it and one of the options was to bring in an independent analyst to check out what he believed were questionable assumptions and calculations seeming to justify the decision. Commissioner Sklar noted that that had not happened and at some point he was going to ask that be looked at. Commissioner Sklar asked where the Hunter's Point Project was at this point. Next Commissioner Sklar addressed the reference to the Hetch Hetchy right of way, finding that was fine but observing that the examples were not transmission and distribution. They were geothermal, so there was either an English grammatical, or engineering disconnect. The Commissioner noted that he loved the geothermal and solar, and concerning use of non-fossil fuel at CT's, wished that would have started two years ago and then we would not have had the debate that we have had over the past couple of months. Commissioner Sklar continued with respect to undergrounding, he noted the City has a program that had used up all the next few years of money and nothing else could be done without a revenue increase. Commissioner Sklar also commented that he assumed Ms. Hale meant a parallel underground system, something that he found to be unacceptable when we get there. General Manager Leal responded that the PUC was involved addressing the undergrounding issues by working with Supervisor Duffy.

Commissioner Hochschild asked if Ms. Hale could help him better to understand how this draft was developed. Commissioner Hochschild asked who were on the team who developed this plan?

The Assistant General Manager for Power reported that her staff who put this plan together were responsible for generation and retail sales. Commissioner Hochschild then asked, who is that, exactly? Ms Hale replied John Doyle was the manager and there were a number of staff who report to him on renewable generation, and Pam Huesing was the manager responsible for Retail Services and they were both present to answer any questions the Commissioners might have. In addition, Ms. Hale reported that the PUC had some assistance from outside consultants and from the financial folks, which report to Joe Yew.

Commissioner Hochschild noted that the reason he asked was that, going forward, he requested that these managers both continue to attend Commission meetings where these issues are discussed so as these issues come up, we are able to get into the details. Commissioner Hochschild recalled in May at a sort of energy roundtable that there had been no one from energy efficiency represented, and it sounded from Ms. Hale's description of the development of this plan, that there had been nobody from energy efficiency in the inner circle putting this together. Commissioner Hochschild thought strategically that was a mistake.

Commissioner Hochschild observed that as we pursue megawatt goals, the most cost effective and most environmentally benign megawatts are those we get from energy efficiency, and it's no secret to anybody on the Commission. Commissioner Hochschild said he felt we have been under funding energy efficiency solutions in San Francisco. The Commissioner noted that there was an enormous amount of antiquated equipment, and there was great need to address that. Commissioner Hochschild again asked that when we have meetings, whoever was running the energy efficiency group be here because in his view it was every bit as important as energy technology. Commissioner Hochschild observed that we do plans a lot, recalling that in 2003, we had an Electricity Resource Plan that the Board adopted, this Commission adopted, and the Mayor Adopted. Commissioner Hochschild reported that he had pulled this plan out for reference and just looking at the goals in that plan, we were supposed to do seven megawatts of renewables in San Francisco by 2004, and 50 Megawatts by 2012. Instead, Commissioner Hochschild observed, we just approved 20 Megawatts of fossil fuel and have done two megawatts completed of renewables. This he said was a problem. Commissioner Hochschild suggested that our inability was not in developing plans, he thought that we were actually very competent at that, but where we have problem was in execution. Commissioner Hochschild observed while Ms. Hale had been here two years as had her whole team, he was just getting stated and he had taken the opportunity to review the data, just on the solar portion, of where San Francisco stands, and the results were very discouraging. Commissioner Hochschild reported that out of 165 towns and cities in our region, we were ranked 125th in the bottom quartile. Commissioner Hochschild suggested that this per capita was the right metric to use, remarking that if one uses the nine county area, we're last and that this was an issue for him. The Commissioner said we could do a lot better. Commissioner Hochschild said while he was happy to get into the details of our goals and so on, for him what really mattered was our execution and that we can do better.

President Brooks recommended that in line with Commissioner Hochschild's observations on execution that addressing that question become a specific part of the plan setting out how we go about executing it. President Brooks noted that while he was sure there were a lot of bureaucratic barriers, maybe we could identify those up-front and address them before they happen.

Commissioner Hochschild noted that there were a couple of things he wanted to flag, recalling that in February the PUC had gone out with a request for Information (RFI) that proposing plans for 35 megawatts in solar. Commissioner Hochschild recalled that on that occasion almost a year ago the Mayor spoke in front of 300 People in City Hall, and as far as he could tell nothing had happened with that. This Commissioner Hochschild observed was a real disservice to the reputation of our agency, and contributes to diminution of our standing in the environmental community and loss of credibility. Commissioner Hochschild reported that one goal he had was to really have a reckoning with reality, and never, never say we're going to do something and then not do it, by setting expectations unnecessarily high. Commissioner Hochschild observed that San Francisco was littered with big bold ideas about renewable energy that did not happen, and he really was going to insist as we go forward that we get realistic about how we are going to do this, and how it will be paid for. Commissioner Hochschild said with respect to the design of this plan, he really would prefer to see a number of options presented, different ways in which these goals could be done, and that the Commission be therefore able to choose among them and think through each side by side. Commissioner Hochschild said for him this was a more helpful way to go about making a policy decision. As his one final point Commissioner Hochschild returned to energy efficiency, noting that we have a unique situation in San Francisco and one of the reasons that we are wasting so much power was in his opinion that the PUC was a mission-driven rather than profit-driven agency. Commissioner Hochschild noted in his view that we were not particularly focused on this issue as an agency because we lose money because as more energy efficiency goes in place it reduces revenues. This Commissioner Hochschild noted was something that could be corrected noting that the state of California had done just that. Commissioner Hochschild asked have you ever wondered why you get in the mail from PG&E rebate opportunities if you install an energy efficient washer? The reason was because the state of California has instituted decoupling revenues from energy sales. In the regulated agency, the revenues are allocated by CPUC determined by the number of customers they have and this basically removes a huge financial disincentive to invest in energy efficiency and moving to renewables because utilities are not losing money and it is good for the environment. This Commissioner observed seemed a very worthy area of explanation he had not seen addressed. Commissioner Hochschild noted he was curious as to staff's response as to why we would not want to pursue what the state of California has done on decoupling.

Ms. Hale replied with respect to decoupling, starting with the last first, the Assistant General Manager for Power noted that the SFPUC has a different rate setting approach, unlike investor owned utilities that earn a return on their rate base based on kilowatt hours sold. The PUC does have this relationship with some of its customers, so a partial decoupling mechanism was something that could work for customers that pay us a rate that covers our costs. Ms. Hale noted for a number of City Departments, energy efficiency was incredibly cost effective for us to perform because they did not pay anything, or they do not pay us enough to cover the cost of the electricity. For a portion of our customers, decoupling would be an appropriate policy to apply. However, Ms. Hale noted for others, it was not, and in the cost context of rate to service reforms, she would like to address that issue. Ms. Hale would also like the right like those granted to investor owned utilities through the rate making mechanisms that the California PUC has adopted to fund in a regular way energy efficiency and renewable generation that we currently fund through our revenues.

Assistant General Manager for Power Barbara Hale observed that all of us, as PG&E's customers, contribute in our electric bill to funding the energy efficiency that she referred to PG&E's marketing. We fund the solar rebates Ms. Hale thought it would be very good for the City to have a comparable kind of program for the customers it serves and we don't currently have that in the same sort of way. Ms. Hale saw that as part of the cost of service rate reform staff was recommending the Commission consider.

President Brooks noted this was one of the biggest challenges the Commission has talked about it, that other city departments are not paying us, but we are still required to provide service to them. He noted that Commissioner Sklar had talked about energy efficient light bulbs and there were all kinds of things we could do to help reduce the demand on the PUC, but that while these were helpful this was a backwards way to try to recover cost. President Brooks commented that it was great to hear about our long-term goals, but we had some structural issues and political issues that we have not seemed to solve. The Commission President found that the biggest issue in his opinion was the political issue of getting paid for providing service.

Commissioner Sklar remarked getting back to Commissioner Hochschild's point about execution, that he was embarrassed that we were in second place in a two place race to be the most solar and renewable and efficient utility in town. He noted that PG&E had outstripped us and that was embarrassing the PUC by what they had been doing with investments in solar, and their efficiency programs. This when the SFPUC was supposed to be the leader. Commissioner Sklar observed that Commissioner Hochschild was right that to have press conferences and announce wonderful things we were going to do and let them drop was not the order of the day, as the SFPUC should be the executing agency and we're not executing.

Commissioner Normandy noted that what was really needed was a Power Enterprise Management Plan, provided as guide as part of a larger plan to drive the development of policies as well as long and short term plans. Commissioner Normandy said what was missing was a clear plan of what was needed to really focus on what our Power Enterprise would be. Commissioner Normandy highlighted several points and lack of any discussion of needed structures missing from this document although he thought it was a good start.

President Brooks summed up this discussion by noting that over the past two years the Commission had seen projects

piecemeal without a getting the big picture and from this discussion what had become clear was why there was need for a clear long-term plan. President Brooks noted that there seemed to be serious disconnects that staff and the Commissioners needed to work together to address. Commissioner Normandy noted that the focus must be on developing a Power Enterprise Management Plan and then developing policies and structures from there.

General Manager Leal agreed that the discussion had provided very good guidance for a creating clear roadmap to go forward. Ms. Leal looked forward to working with Commissioner Hochschild to bring together his knowledge and experience and the staff's experience as a part of the City's General Fund dance and then come forward with a comprehensive document.

Deputy General Manager Tony Irons noted that what was important for him from this excellent discussion was a renewed focus on moving the agency forward so the Power Enterprise could operate at the same high level and strength as the Water Enterprise with the ability to issue its own revenue bonds. For Mr. Irons it was essential that the Power Enterprise contribute financial strength so that the PUC would not have to rely on expenditure of capital funds to get things done. Mr. Irons noted that the key issue to be addressed in the comprehensive long-term plan was energy efficiency and that would be directly addressed in the revised document. Mr. Irons also spoke to the SFPUC's unique position compared to others and the potential to capitalize on the new financial opportunities in going forward to get retail customers for our existing hydropower assets.

President Brooks said this discussion was a big step toward seeing a total plan. President Brooks said clearly that if we say we were going to accomplish something then we should do so. President Brooks urged staff to bring any needs for additional resources to the Commission so there would be no barriers to bring this plan forward. Commissioner Normandy agreed that the goal must be how do we create a Power Enterprise.

Reflecting on Mr. Irons' comments, Commissioner Sklar noted that the differences between the Power and the Water Enterprises was the careful thoughtful decision-making process that established policies and direction that grew into programs and projects putting in place the structure to carry forward its work. Mr. Irons agreed that the task was to undertake a process to make the Power Enterprise begin to function like the Water Enterprise in the same fundamental spirit of openness and integrity.

Commissioner Hochschild asked again to be sure that energy efficiency measures were a major element to be addressed in the revised document. In response to a question by Commissioner Hochschild, Ms. Hale confirmed that the PUC was now fully engaged with the Air Quality Management District and would be working in concert with them.

President Brooks thanked everyone and commended Commissioner Hochschild to his new tasks.

There being no further business to discuss, the meeting was adjourned at 4:15 P.M.

Michael Housh
Secretary

#1 - WSIP Phase-Level Schedule Logic (111 KB)

#2 - San Joaquin Pipeline System Project Schedule (737 KB)

#3 and #5 - Summary of WSIP Schedule Revisions & WSIP Projects with PEIR on Critical Path (27 KB)

#4 - WSIP Schedule Variances (28 KB)

#6 - Summary of WSIP Budget Revisions (18 KB)

#6 - Summary of WSIP Budget Revisions (REVISED ON 11/15/07. PLEASE USE THIS HANDOUT) (19 KB)

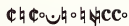
#7 - Memorandum on WSIP Construction Cost Variances (52 KB)

#8 - Summary of WSIP Scope Changes (29 KB)

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3746

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notice of Cancellation

The regular San Francisco Public Utilities
Commission Meeting scheduled for
November 27, 2007, at 1:30 P.M.
in City Hall, room 400 has been

cancelled

The next regular
San Francisco Public Utilities Commission

11-10-07 NOV 10 RCVD

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meeting will be held on
Tuesday, December 11, 2007, beginning
at 1:30 P.M in Room 400 City Hall

Michael Housh, Secretary
San Francisco Public Utilities Commission
Posted –November 9, 2007



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

AGENDA

REGULAR MEETING

Tuesday, December 11, 2007
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable, Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY



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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Michael Housh at (415) 554-3165 or our TTY at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the October 31, 2007, Special Meeting
 - b) Minutes of the November 13, 2007, Regular Meeting
 - c) Minutes of the November 14, 2007, Special Meeting
 - d) Amended Minutes of the October 19, 2007, Special Meeting
4. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

5. Communications
6. Other Commission Business
7. Report of the General Manager
 - a) Water System Improvement Program *(Labonte)*
 - b) Proposed Solar Rebate Program *(Hale)*
8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report. *(Jensen)*
 - a) BAWSCA Update Report

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-3424.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

- a) Staff Recommendation: Approve the plans and specifications and award CUW 260 Water Main Replacement/Retrofit Program-funded Contract No. WD 2435 6-Inch & 8-Inch Ductile Iron Main Installation in Broadway, Powell St., Sacramento St., Salmon St., and Wayne Pl. in the amount of \$1,322,895.70 to the lowest, qualified, responsible and responsive bidder, Synergy Project Management
- b) Staff Recommendation: Approve Modification No. 3 to CUW260 – Water Enterprise Water Main Replacement/Retrofit Program-funded Contract No. WD-2436R, Bernal Heights Pipeline Installation and Powhattan Ave. Improvements, with NTK Construction Inc., increasing the contract by \$102,071, for a total contract amount of \$4,621,077 with 220 calendar days non-compensable time extension for a total contract duration of 585 consecutive calendar days.
- c) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-419, Hoffman Ave. and 21st/ Jersey / Noe / Romain Streets Sewer Replacement, in the amount of \$917,000, to the lowest, qualified, responsible and responsive bidder, M Squared Construction.
- d) Staff Recommendation: Approve the plans and specifications and award 5-Year CIP Program-funded Contract No. WW-424, Phelps St/Topeka Ave/Pomona St Sewer Replacement, in the amount of \$2,017,227, to the lowest, qualified, responsible and responsive bidder, D'Arcy and Hartly Construction, Inc.
- e) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-445 Southeast Community Facility

HVAC Upgrades, in the amount of \$1,574,360, to the lowest, qualified, responsible and responsive bidder, LC General Engineering & Construction, Inc.

- f) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-446 Southeast Community Center Facility Disability Access Work and Deck Improvements, in the amount of \$1,566,800, to the lowest, qualified, responsible and responsive bidder, CDX Builders.
- g) Staff Recommendation: Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-448, Replacement of Magnetic Flow Meters at Sunnysdale & Griffith Pump Stations, in the amount of 452,200, to the lowest, qualified, responsible and responsive bidder, NTK Construction.
- h) Staff Recommendation: Approve Amendment No. 2 to Water Enterprise Program-funded Agreement No. CS-842, Agreement to Furnish Architectural and Engineering Design Services for the New SFPUC Administration Office Building at 525 Golden Gate Avenue, with KMD/Stevens + Associates a joint venture of architects, the partners of which are: Kaplan McLaughlin Diaz and Stevens + Associates, with no increase to the contract value but with a time extension of 6 weeks.
- i) Staff Recommendation: Accept work performed for Water Enterprise, Water Main Replace/Retrofit Program-funded Contract No. WD-2460, Church Street 6-Inch & 8-Inch Ductile Iron Pipe Main Installation, by J. Flores Construction, approve Modification No. 1 increasing the contract by \$7,485.09, Modification No. 2 increasing the contract by \$11,126.72 and Modification No. 3 (final) increasing the contract by \$144,496.05 for a total contract amount of \$2,500,483.86 and authorize final payment, in the amount of \$286,140.40, to the contractor.
- j) Staff Recommendation: Accept work performed for Water Enterprise Water Main Replacement/Retrofit Program funded Contract No. WD-2471, Stockton Street 8" & 12" Ductile Iron Main Installation, by Synergy Project Management, approve Modification No. 3 increasing the contract by \$20,735 and Modification No. 4 increasing the contract by \$20,000, and Modification No. 5 (Final) decreasing the contract by \$56.96 for a total contract amount of \$1,021,028.04 and authorize final payment, in the amount of \$70,051.40 to Synergy Project Management.

- k) Staff Recommendation: Authorize the General Manager or the Assistant General Manager – Water Enterprise of the San Francisco Public Utilities Commission to submit an application to the California Department of Water Resources for a Local Groundwater Assistance Grant and to take the steps necessary to accept and expend the grant if awarded.
- l) Staff Recommendation: Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve a four and one-half month lease with one five (5) year extension option for office space located on the 7th floor at 1145 Market Street comprising approximately 11,403 square feet.

REGULAR BUSINESS

10. Discussion and possible action related to authorize General Manager to execute the Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC), the City of South San Francisco (South San Francisco), and the California Water Service Company (Cal Water) for the purpose of sharing costs and responsibilities for producing a Recycled Water Facility Plan for the irrigation of Orange Park, California Golf Club, Linear Park, Golden Gate National Cemetery, and cemeteries in the Town of Colma. *(Carlin)*

Staff Recommendation: Authorize General Manager to execute the Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC), the City of South San Francisco (South San Francisco), and the California Water Service Company (Cal Water) for the purpose of sharing costs and responsibilities for producing a Recycled Water Facility Plan for the irrigation of Orange Park, California Golf Club, Linear Park, Golden Gate National Cemetery, and cemeteries in the Town of Colma. The apportionment of the SFPUC's costs in the MOU for the development of the Recycled Water Facility Plan will not exceed \$57,733.

11. Discussion and possible action related to authorize the General Manager to execute a Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC) and the North San Mateo County Sanitation District (NSMCSD), a subsidiary of the City of Daly City (Daly City). *(Kelly)*

Staff Recommendation: Authorize the General Manager to execute a Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC) and the North San Mateo County Sanitation District (NSMCSD), a subsidiary of the City of Daly City (Daly City). The scope of the MOU

includes the provision of environmental consulting services, engineering design, permitting, geotechnical investigation, and surveying up to the construction phase of the project. The SFPUC's anticipated share of project costs is an amount not to exceed \$753,648. The requested funding would be through the Water System Improvement Program (WSIP).

12. Discussion and possible action related to approve the reallocation of appropriated funds from Water System Improvement Program-funded project CUW36104 to fund additional costs related to Water System Improvement Program-funded project CUW37101 – Crystal Springs / San Andreas Transmission System Upgrade. *(Labonte)*

Staff Recommendation: Approve the reallocation of appropriated funds, in the amount of \$2,500,000, from Water System Improvement Program-funded project CUW36104 - Pulgas Balancing Reservoir Rehab (Phase 4)-Laguna Creek Sedimentation, to fund additional costs related to Water System Improvement Program-funded project CUW37101 – Crystal Springs / San Andreas Transmission System Upgrade.

CONSTRUCTION CONTRACTS

Award

13. Discussion and possible action related to WD-2469 Forest Knolls Pump Station and Storage Tank Upgrade. *(Labonte)*

Staff Recommendation: Approve the plans and specifications and award Water Enterprise Water System Improvement Program WD-2469 Forest Knolls Pump Station and Storage Tank Upgrade, in the amount of \$6,547,000, to the lowest, qualified, responsible and responsive bidder, Cal State Constructors, Inc.

14. Discussion and possible action related to approve the plans and specifications and award Water Enterprise, Water System Improvement Program-funded Contract No. WD-2501. *(Labonte)*

Staff Recommendation: Approve the plans and specifications and award Water Enterprise, Water System Improvement Program-funded Contract No. WD-2501 Alemany Pump Station Upgrade, in the amount of \$ 23,269,000, to the lowest, qualified, responsible and responsive bidder, Monterey Mechanical Co.

15. Discussion and possible action related to Project No. CUW – 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, New PUC Administration Office Building.
(Fine/Kelly)

Staff Recommendation: Approve and award Construction Manager/General Contractor (CM/GC) contract funded by Project No. CUW – 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, new SFPUC Administration Office Building, in the amount of \$141,000,000, to the determined best value bidder, Webcor Builders.

Close

16. Discussion and possible action related to Contract No. WD-2391 Lane Street Pump Station Upgrade, approve modification No 5 (Final) for a time extension, and authorize final payment.
(Kelly)

Staff Recommendation: Accept work performed by Millard Tong Construction for Water Enterprise A & B Bond-funded Contract No. WD-2391 Lane Street Pump Station Upgrade, approve modification No 5 (Final) for a time extension of 315 consecutive calendar days for a total contract amount of \$1,322,199, and with a total contract duration of 680 consecutive calendar days; and authorize final payment, in the amount of \$133,370.85, to the contractor.

17. Discussion and possible action related to Contract No. WD-2392 Crocker Amazon Pump Station Upgrade, approve Modification No. 5 (Final).
(Labonte)

Staff Recommendation: Accept work performed by Trinet Construction for Water Enterprise Water System Improvement Program-funded Contract No. WD-2392 Crocker Amazon Pump Station Upgrade, approve Modification No. 5 (Final), for a time extension of 223 consecutive calendar days for a total contract amount of \$2,341,394, and with a total contract duration of 738 consecutive calendar days.

PROFESSIONAL SERVICE CONTRACTS

Award

18. Discussion and possible action related to Agreement No. CS-880, Engineering Third Party Review Services.
(Kelly)

Staff Recommendation: Approve the selection of CH2M Hill, Camp Dresser & McKee Inc., and MWH; award Water System Improvement Program-funded Agreement No. CS-880, Engineering Third Party Review Services, to provide

independent review of engineering documents of all the regional projects of the Water System Improvement Program; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute separate professional services agreements with CH2M Hill, Camp Dresser & McKee Inc., and MWH for an amount not to exceed \$3,000,000 each, for a total not to exceed \$9,000,000, and with a duration of four years.

19. Discussion and possible action related to Agreement No. CS-893, Systems Engineering Services for the WSIP, to provide systems engineering, including but not limited to: hydraulic and seismic reliability modeling; and execute a professional services agreement with CH2MHill for an amount not to exceed \$4 million, and with a duration of five years.
(Labonte)

Staff Recommendation: Approve the selection of CH2MHill; award Water System Improvement Program-funded (WSIP-funded) Agreement No. CS-893, Systems Engineering Services for the WSIP, to provide systems engineering, including but not limited to: hydraulic and seismic reliability modeling; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with CH2MHill for an amount not to exceed \$4 million, and with a duration of five years, or, in the event negotiations are not successful or City requirements are not satisfied, to re-advertise the RFP for Systems Engineering Services.

20. Discussion and possible action related to Agreement No. CS-894, for Pipeline Condition Assessment Services and authorize the General Manager to negotiate and execute a professional services agreement with CH2M HILL for an amount not to exceed \$3,550,000, and with a duration of five (5) years.
(Carlin)

Staff Recommendation: Approve the selection of CH2M HILL; award Water Enterprise Project Funded Agreement No. CS-894, for Pipeline Condition Assessment Services, to provide the SFPUC with evaluation of Hetch Hetchy Water & Power (HHWP) pipeline facilities, including but not limited to evaluation through direct examination, fitness for life investigations and pipeline system rehabilitation plans. May also be called upon to provide other related engineering support services during the term of the Professional Services Agreement; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with CH2M HILL for an amount not to exceed \$3,550,000, and with a duration

of five (5) years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.
22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

23. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a).

(Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

24. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. *(Dowd)*
APN 96-375-009

Property: 308.5-acre property located in Alameda County, Calif., known as the Sunol Valley Aggregate Quarry. SMP 30.

Parties Negotiating: SFPUC - Dowd
Oliver de Silva, Inc
Under Negotiation: Price and Terms

25. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

(Rothschild)

Existing Litigation: James Zack dba BuiltForm Construction
City Attorney File No. 07-02022
Filed: February 6, 2007

26. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

(Rothschild)

Existing Litigation: AT & T California Facilities
City Attorney File No. 08-00785
Filed: October 4, 2007

27. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

(Rothschild)

Existing Litigation: Henry Leung Yiu/Donald E. Krentsa Esq.
City Attorney File No. 07-02220
Filed: February 26, 2007

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2)

(Ambrose)

Anticipated Litigation: As defendant.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

29. Announcement following Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

Commission Secretary, SFPUC
City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



SAN FRANCISCO Public Utilities Commission

12/11/07 Minutes San Francisco Public Utilities Commission

Published: 01/09/2008 | Updated: 01/10/2008

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MINUTES**REGULAR MEETING**

Tuesday, December 11, 2007

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ryan L. Brooks, President
The Honorable Ann Moller Caen, Vice President
The Honorable E. Dennis Normandy
The Honorable Richard Sklar
The Honorable David Hochschild

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Gavin Newsom
MAYOR

Susan Leal
GENERAL MANAGER

Michael Housh
SECRETARY

DOCUMENTS DEPT.

JUN 24 2008

SAN FRANCISCO
PUBLIC LIBRARY**ORDER OF BUSINESS:**

1. Call to Order: 1: 35 P.M.

2. Roll Call: Present – President Ryan L. Brooks, Commissioner E. Dennis Normandy, Commissioner Richard Sklar, and Commissioner David Hochschild.

3. Approval of Minutes

Moved by Sklar, seconded by Normandy, to adopt the amended Minutes of October 19th, October 31st, November 13th, and November 14th, 2007 regular and special meetings; passed (4-0) unanimously.

Commissioner Sklar requested that a linked copy of the final approved as amended Resolution 07-0188 on the combustion turbines project be attached to the Minutes of the Special October 31, 2007 meeting.

- a) Minutes of the October 31, 2007, Special Meeting
- b) Minutes of the November 13, 2007, Regular Meeting
- c) Minutes of the November 14, 2007, Special Meeting
- d) Amended Minutes of the October 19, 2007, Special Meeting

4. Public Comments

No public comment was offered on matters not on today's agenda.

Vice President Ann Moller Caen joined the meeting at 1:45 PM.

5. Communications

6. Other Commission Business

Commissioner Sklar proposed consideration of differential rates for winter and summer water use in the interest of addressing and encouraging water conservation noting that the winter usage generally reflected baseline uses meeting core water needs, the increased summer usage levels often reflected outdoor landscaping and recreational uses. Commissioner Sklar noted that use of such differential rates was common among water agencies and could be implemented as an additional tool to encourage conservation and more efficiently and fairly manage use in this period of climate change. Commissioner Sklar observed that

by implementing such a program the PUC could create a pool of additional funds that would be available to all of the PUC's system users for system improvements. President Brooks noted this could be a good approach with the additional consideration of the specialized needs of some businesses factored in.

In response to a question by Vice President Caen there followed a brief preliminary discussion of the plans for the upcoming FY 2008-09 Budget meetings. Commissioner Sklar again noted that as the PUC was now in the third year of a five year effort to shift fully to a program base budget he would expect to see program budgeting at both the program and subprogram level and that he was not prepared to vote to approve any budget that was not so presented.

7. Report of the General Manager

a) Water System Improvement Program

Water System Improvement Program Manager Julie Labonte presented a brief update on WSIP activities and ongoing planning undertaken following the third WSIP Workshop. Ms. Labonte further explained the escalation rate previously discussed and provided updates on a few projects. Ms. Labonte then turned to Construction management issues and further explained the draft construction management plan as well as a program safety program. Ms. Labonte noted she would be meeting with BAWSA to discuss their concerns with the information presented in the WSIP Workshops and get their input and would then bring back an evolved plan to the Commission for its review and consideration in January 2008. This the WSIP Manager noted would be an opportunity to set clear milestones in the way forward. Ms. Labonte then discussed in greater detail several specific projects. In response to a question by Commissioner Sklar, Ms. Labonte reported that the plan was for a hybrid model of construction management encompassing both regional construction management as well as technical construction management for projects like tunnels and dams.

b) Proposed Solar Rebate Program

General Manager Leal noted that this item would more accurately be called a solar initiative program. Ms. Leal then introduced Wade Crowfoot representing Mayor Newsom who then reported on this new initiative proposed by Mayor Newsom and Assessor Ting in conjunction with the PUC and the City's Department of the Environment that would offer companies and residents local government-funded loans and rebates to offset the costs of installing solar panels. Mr. Crowfoot lauded Commissioner Hochschild's leadership role in developing this new program and thanked the PUC for its leadership in making \$50 million in funding available. Mr. Crowfoot next indicated that Mayor Newsom proposed to bring its various elements quickly before the Board of Supervisors and before the voters next year. Commissioner Hochschild, a member of the Solar Task Force, outlined the Solar Task Force's 10 month effort and dedicated hard work developing this model program and reported that it was hoped this program would bring the number of in-city solar installations to 10,000 over the next decade by cutting property owners' out-of-pocket costs by half, if not more. Commissioner Hochschild reported that this new initiative was made possible by a change in state law and the offer to make available PUC funds to sustain the program. Commissioner Hochschild noted that this program would encourage local solar producers and could provide up to 50 megawatts of locally generated solar power. Commissioner Sklar applauded the efforts done so far and urged that this ambitious program be followed up with an equally aggressive program of implementation noting San Francisco's dismal record to date in actually creating alternative energy projects. Commissioner Hochschild then explained how the change in State law had helped and called attention to Speaker Pelosi's efforts to move green energy programs through the Congress could provide additional support in the coming years.

Ms. Leal noted that San Francisco's program would be open to all and may be the nation's most ambitious providing a model for other communities because it coupled refunds and loans, making it the most sweeping program seen on municipal level in the nation and equal to those offered by some states. Barbara Hale, Assistant General Manager for Power, reported that participants would be eligible for rebates of up to \$10,000. Ms. Hale reported residents would receive \$3,000 to \$5,000 off the cost of installing solar panels depending on whether they used a local contractor and their property was located in a low-income neighborhood to provide redress for environmental justice issues. The City would underwrite the cost of the loans, which commercial and residential owners would pay back through annual tax assessments on their properties. It was reported that about 660 homes and other buildings in San Francisco currently have solar installations. Ms. Hale provided information so that San Francisco resident's could look up their home's solar potential through an online solar map. Ms. Hale noted that staff was already developing the forms and administrative structures to go forward quickly once the program was authorized.

Commissioner Sklar urged that the program have an emphasis on targeted assistance to low-income communities in interest of environmental justice. Vice President Caen asked why this matter was announced in a press conference before it had been discussed at the Commission and was informed by Mr. Crowfoot that this was simply the result of everything in process fortuitously coming together since that last meeting of the Commission so that it could be announced ahead of the deadline to qualify it for the ballot. Additionally, it was reported that the Mayor wished to move forward without delay in getting the legislative process underway. Commissioner Sklar, noting Commissioner Hochschild's leadership role in moving this forward, was sure that the Commission would have a very active part in bringing this project forward. In response to a question by Commissioner Sklar, Mr. Crowfoot agreed that steps would be taken to allow involvement of ongoing solar installation projects

so as not to penalize those who were already making a special effort to move forward in developing this resource. It was pointed out that there were several dates that could be considered as the beginning date for the program and that provision could be made in any enacted legislation to address this concern.

In response to a query from Commissioner Sklar concerning a related matter, Ms. Hale discussed further the conversion of existing light bulbs to fluorescent energy saving bulbs noting there were some places where conversion would be a bit more difficult. Ms. Hale noted that staff were currently converting PUC facilities only, and only the twist-in applications that did not require changing the lamp itself. Also, Ms. Hale reported that not all locations could appropriately be converted. Responding to a follow up question, Ms. Hale proposed to identify how many PUC facility bulbs that cannot be converted.

Commissioner Sklar observed that he had informed the Mayor at their last meeting that there were many types of these energy saving bulbs now available other than the basic spiral tube design and that the period fixtures in anteroom of Room 200 City Hall could also be appropriately relamped to save energy. President Brooks noted that this program along with state funded incentives provides opportunity to move forward aggressively and that he was sure that the PUC would take a leadership role in encouraging businesses to move in this direction. It was noted that funds generated by the new Transbay Transmission Cable could be put to use to encourage residents to undertake additional energy conservation measures. In response to a question by Commissioner Hochschild, Mr. Gary Oto, Power Enterprise Energy Efficiency Manager, noted that it was possible to track how many bulbs of various types the City was purchasing and take steps to encourage citywide conversion. It was suggested that the Mayor issue an Executive Order that City Department make the transition as soon as possible. In response to a question by Commissioner Normandy, Mr. Oto indicated that safe disposal of the existing and new lamps as they were replaced was already an ongoing part of the conversion process. Mr. Oto further indicated that educating purchasers to consider these issues was a major part of the ongoing efforts to identify and implement energy efficiencies in City Departments. The General Manager reported that she would review the figures for various costs involved and bring that information back to the Commissioners.

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report.

BAWSCA General Manager Art Jensen began his report by thanking President Brooks for attending the recent BAWSCA meeting and then staying for the entire meeting. Mr. Jensen reported that PUC staff was working very cooperatively with his agency to address all of the issues and concerns highlighted in the recent WSIP Workshops. Mr. Jensen additionally observed that he would bring back BAWSCA's comments on the PEIR in January and was looking forward to a meeting with Ms. Labonte to address issues of mutual concern. President Brooks responded suggesting that he thought it a good idea to invite the BAWSCA Board to participate in a meeting with the Commission early next year.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter will be removed from the Consent Calendar and considered as a separate item.

Moved by Normandy, seconded by Hochschild, to adopt Agenda Item 9 items a through l listed under the Consent Calendar; passed (5-0 Brooks, Caen, Normandy, Sklar, Hochschild, unanimously).

a) Resolution No. 07-0194:

Approve the plans and specifications and award CUW 260 Water Main Replacement/Retrofit Program-funded Contract No. WD 2435 6-Inch & 8-Inch Ductile Iron Main Installation in Broadway, Powell St., Sacramento St., Salmon St., and Wayne Pl. in the amount of \$1,322,895.70 to the lowest, qualified, responsible and responsive bidder, Synergy Project Management.

b) Resolution No. 07-0195:

Approve Modification No. 3 to CUW260 – Water Enterprise Water Main Replacement/Retrofit Program-funded Contract No. WD-2436R, Bernal Heights Pipeline Installation and Powhattan Ave. Improvements, with NTK Construction Inc., increasing the contract by \$102,071, for a total contract amount of \$4,621,077 with 220 calendar days non-compensable time extension for a total contract duration of 585 consecutive calendar days.

c) Resolution No. 07-0196:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW 419, Hoffman Ave. and 21st/ Jersey / Noe / Romain Streets Sewer Replacement, in the amount of \$917,000, to the lowest, qualified, responsible and responsive bidder, M Squared Construction.

d) Resolution No. 07-0197:

Approve the plans and specifications and award 5-Year CIP Program-funded Contract No. WW-424, Phelps St/Topeka

Ave/Pomona St Sewer Replacement, in the amount of \$2,017,227, to the lowest, qualified, responsible and responsive bidder, D'Arcy and Harty Construction, Inc.

e) Resolution No. 07-0198:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-445 Southeast Community Facility HVAC Upgrades, in the amount of \$1,574,360, to the lowest, qualified, responsible and responsive bidder, LC General Engineering & Construction, Inc.

f) Resolution No. 07-0199:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-446 Southeast Community Center Facility Disability Access Work and Deck Improvements, in the amount of \$1,566,800, to the lowest, qualified, responsible and responsive bidder, CDX Builders.

g) Resolution No. 07-0200:

Approve the plans and specifications and award Wastewater Enterprise, Repair and Replacement (R&R) Program-funded Contract No. WW-448, Replacement of Magnetic Flow Meters at Sunnydale & Griffith Pump Stations, in the amount of \$452,200, to the lowest, qualified, responsible and responsive bidder, NTK Construction.

h) Resolution No. 07-0201:

Approve Amendment No. 2 to Water Enterprise Program funded Agreement No. CS-842, Agreement to furnish Architectural and Engineering Design Services for the New SFPUC Administration Office Building at 525 Golden Gate Avenue, with KMD/Stevens + Associates a joint venture of architects, the partners of which are: Kaplan McLaughlin Diaz and Stevens + Associates, with no increase to the contract value but with a time extension of 6 weeks.

i) Resolution No. 07-0202:

Accept work performed for Water Enterprise, Water Main Replace/Retrofit Program-funded Contract No. WD-2460, Church Street 6-Inch & 8-Inch Ductile Iron Pipe Main Installation, by J. Flores Construction, approve Modification No. 1 increasing the contract by \$7,485.09, Modification No. 2 increasing the contract by \$11,126.72 and Modification No. 3 (final) increasing the contract by \$144,496.05 for a total contract amount of \$2,500,483.86 and authorize final payment, in the amount of \$286,140.40, to the contractor.

j) Resolution No. 07-0203:

Accept work performed for Water Enterprise Water Main Replacement/Retrofit Program funded Contract No. WD-2471, Stockton Street 8" & 12" Ductile Iron Main Installation, by Synergy Project Management, approve Modification No. 3 increasing the contract by \$20,735 and Modification No. 4 increasing the contract by \$20,000, and Modification No. 5 (Final) decreasing the contract by \$56.96 for a total contract amount of \$1,021,028.04 and authorize final payment, in the amount of \$70,051.40 to Synergy Project Management.

k) Resolution No. 0204: A

Authorize the General Manager or the Assistant General Manager – Water Enterprise of the San Francisco Public Utilities Commission to submit an application to the California Department of Water Resources for a Local Groundwater Assistance Grant and to take the steps necessary to accept and expend the grant if awarded.

l) Resolution No. 0205:

Approve the terms and conditions and authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to approve a four and one-half month lease with one five (5) year extension option for office space located on the 7th floor at 1145 Market Street comprising approximately 11,403 square feet.

REGULAR BUSINESS

10. Discussion and possible action related to authorize General Manager to execute the Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC), the City of South San Francisco (South San Francisco), and the California Water Service Company (Cal Water) for the purpose of sharing costs and responsibilities for producing a Recycled Water Facility Plan for the Irrigation of Orange Park, California Golf Club, Linear Park, Golden Gate National Cemetery, and cemeteries in the Town of Colma.

Public Comment:

Mr. Art Jensen, BAWSCA, requested information regarding how the related costs were to be allocated among the SFPUC's customers in this item?

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0206:

Authorize General Manager to execute the Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC), the City of South San Francisco (South San Francisco), and the California Water Service Company (Cal Water) for the purpose of sharing costs and responsibilities for producing a Recycled Water Facility Plan for the irrigation of Orange Park, California Golf Club, Linear Park, Golden Gate National Cemetery, and cemeteries in the Town of Colma. The apportionment of the SFPUC's costs in the MOU for the development of the Recycled Water Facility Plan will not exceed \$57,733.

11. Discussion and possible action related to authorize the General Manager to execute a Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC) and the North San Mateo County Sanitation District (NSMCS), a subsidiary of the City of Daly City (Daly City). (Kelly)

Public Comment:

Mr. Art Jensen, BAWSCA, requested similar information on cost allocation among customers and was informed that the costs were to be funded by the WSIP and allocated into the rate base.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0207:

Authorize the General Manager to execute a Memorandum of Understanding (MOU) by and between the San Francisco Public Utilities Commission (SFPUC) and the North San Mateo County Sanitation District (NSMCS), a subsidiary of the City of Daly City (Daly City). The scope of the MOU includes the provision of environmental consulting services, engineering design, permitting, geotechnical investigation, and surveying up to the construction phase of the project. The SFPUC's anticipated share of project costs is an amount not to exceed \$753,648. The requested funding would be through the Water System Improvement Program (WSIP).

12. Discussion and possible action related to approve the reallocation of appropriated funds from Water System Improvement Program-funded project CUW36104 to fund additional costs related to Water System Improvement Program-funded project CUW37101 - Crystal Springs / San Andreas Transmission System Upgrade.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0208:

Approve the reallocation of appropriated funds, in the amount of \$2,500,000, from Water System Improvement Program-funded project CUW36104 - Pulgas Balancing Reservoir Rehab (Phase 4)-Laguna Creek Sedimentation, to fund additional costs related to Water System Improvement Program-funded project CUW37101 - Crystal Springs / San Andreas Transmission System Upgrade.

CONSTRUCTION CONTRACTS**Award**

13. Discussion and possible action related to WD-2469 Forest Knolls Pump Station and storage Tank Upgrade.

President Brooks Proposed that Items 13 and 14 be heard together. In response to questions from President Brooks and Commissioner Sklar, Assistant General Manager for Infrastructure Kelly identified the numbers of bidders and discussed the circumstances of the bid awards.

Resolution No. 07-0209:

Approve the plans and specifications and award Water Enterprise Water System Improvement Program WD-2469 Forest Knolls Pump Station and Storage Tank Upgrade, in the amount of \$6,547,000, to the lowest, qualified, responsible and responsive bidder, Cal State Constructors, Inc.

14. Discussion and possible action related to approve the plans and specifications and award Water Enterprise, Water System Improvement Program-funded Contract No. WD-2501.

Moved by Vice President Caen, seconded by Commissioner Hochschild, to adopt the following resolution; passed (5-0 Brooks, Caen, Normandy, Hochschild, Sklar) unanimously.

Resolution No. 07-0210:

Approve the plans and specifications and award Water Enterprise, Water System Improvement Program-funded Contract No. WD-2501 Alemany Pump Station Upgrade, in the amount of \$23,269,000, to the lowest, qualified, responsible and responsive bidder, Monterey Mechanical Co.

15. Discussion and possible action related to Project No. CUW - 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, New PUC Administration Office Building.

Contracts Manager Ivy Fine and 525 Golden Gate Project Direct Edgar Lopez presented an update continuing the ongoing contract approval process for the SFPUC Headquarters Building located at 525 Golden Gate Avenue begun by Deputy General Manager Tony Trons' presentation on this project at the Commission's July 24, 2007, regular meeting. President Brooks asked Ms. Fine to describe how the PUC would be protected against project cost increases under the contract as proposed. Commissioner Sklar expressed grave reservations concerning the possible risks to the PUC by using a Design Build Contract model without a clearly defined means written into the contract to provide incentives for the contractor to keep control of costs. The Commissioner observed that as written the cost of the building could spiral out of control and the PUC be left responsible. Mr. Lopez noted that while unusual for the City, this model of contract had been used to construct the new Academy of Sciences Building in Golden Gate Park and was proposed to be used for the rebuild of San Francisco General Hospital. When asked by Commissioner Sklar he could not provide figures to demonstrate how the Academy of Sciences project was costing out in comparison to its preconstruction estimates. Commissioner Sklar noted that this model, while effective for major corporations planning multiple building projects over several years was in his decades of professional experience in the construction business very risky for public agencies to attempt. Commissioner Sklar observed that it was essential that these issues be locked down in the contract from the beginning so that when the multiple trade packages came in the contractor would have incentive to keep costs down. The Commissioner observed that Mr. Lopez' suggestion that value engineering to contain costs after the construction contract was signed would be ineffective in addressing his basic concerns about capping the PUC's risk for exposure to significant cost increases on this project. Commissioner Sklar urged his colleagues consider that it was better to take the time and spend the money to get an independent evaluation of how best to structure this project now rather than to wait and face unknown risks.

Staff Recommendation: Approve and award Construction Manager/General Contractor (CM/GC) contract funded by Project No. CUW - 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, new SFPUC Administration Office Building, in the amount of \$141,000,000, to the determined best value bidder, Webcor Builders.

Ms. Leal requested the Commission to give staff time to discuss and clarify aspects of the agenda item that concerned the Commissioners and return with comments before the beginning of Closed Session. President Brooks then continued this item.

Close

16. Discussion and possible action related to Contract No. WD-2391 Lane Street Pump Station Upgrade, approve modification No 5 (Final) for a time extension, and authorize final payment.

President Brooks proposed that Items 16, and 17 be taken up together.

Resolution No. 07-0211:

Accept work performed by Millard Tong Construction for Water Enterprise A & B Bond-funded Contract No. WD-2391 Lane Street Pump Station Upgrade, approve modification No 5 (Final) for a time extension of 315 consecutive calendar days for a total contract amount of \$1,322,199, and with a total contract duration of 680 consecutive calendar days; and authorize final payment, in the amount of \$133,370.85, to the contractor.

17. Discussion and possible action related to Contract No. WD-2392 Crocker Amazon Pump Station Upgrade, approve Modification No. 5 (Final).

Moved by Commissioner Sklar, seconded by Commissioner Hochschild to adopt the resolutions; passed (5-0 Brooks, Caen, Normandy Sklar, Hochschild) unanimously.

Resolution No. 07-0212:

Accept work performed by Trinet Construction for Water Enterprise Water System Improvement Program-funded Contract No. WD-2392 Crocker Amazon Pump Station Upgrade, approve Modification No. 5 (Final), for a time extension of 223 consecutive calendar days for a total contract amount of \$2,341,394, and with a total contract duration of 738 consecutive calendar days.

PROFESSIONAL SERVICE CONTRACTS

Award

President Brooks proposed that Agenda Items 18, 19, and 20 be considered and acted upon together. Commissioner Sklar

noted that this contract posed a policy question if not a legal one in that CH2M Hill had a pre-existing involvement that appeared to preclude its participation in this contract unless the Commission chose to waive its policy. Commissioner Sklar expressed discomfort with this situation and asked staff to fully and carefully outline why they felt in particular that an award of Item 18 would not violate the Commission's clear policy directive that stated policy that says, "any prime entity that was awarded a contract for program management and preconstruction management and its subconsultants, would not be allowed to perform design engineering or environmental or water services for the Water System Improvement Program."

After a presentation by staff President Brooks noted that it did appear that approval of these contracts for these specific tasks did not violate the Commission Policy. Deputy City Attorney Noreen Ambrose concurred and amplified why she felt that there were no legal impediments to awarding these contracts nor any violation of the specific prohibitions of Commission Policy that would necessitate a waiver.

In response to detailed questions concerning the bid process from President Brooks, Assistant General Manager for Infrastructure Kelly described the process followed in some detail noting that staff had made a significant effort at outreach on these projects and this had been a rigorous competitive process. Commissioner Sklar emphasized that he did not find any fault of intention or action in this matter on anyone's part but was very concerned that this question be fully examined and re-evaluated by the Commission so that everyone was clear on what was allowed and what was not.

President Brooks asked if the dearth of bids on one of these items reflected the beginning of a squeeze of too many projects with too few firms able to perform the work. Ms. Labonte said she thought not and outlined again that on two of the items there were multiple bidders. In response to a query from Commissioner Sklar she reiterated that she did not think these contracts contravened the Commission Policy, and noted that in fact they had been deliberately separated out and put through a competitive process. Commissioner Sklar again expressed discomfort that the Commission's clear purpose that if firms chose to take one path of participation in WSIP they could not participate in others. Deputy City Attorney Ambrose then walked through the process that she felt fully clarified that these were appropriate and that the Commission did not need to grant a waiver as it was not legally necessary.

In response to a question by President Brooks concerning other such contracts still to come, Ms. Labonte noted that these were among the last few of this type of contract to come before the Commission as the Program was shifting into the more active phase running up to construction. Commissioner Sklar again expressed his great discomfort with the appearance that an insider had such an advantage that in future others might be discouraged from bidding. Vice President Caen asked that the policy be reiterated. President Brooks noted that it might require further fine-tuning. Ms. Labonte stated that should these items not go forward there would be a gap in the program that would have impacts on the schedule down the line. Deputy City Attorney Noreen Ambrose again reviewed the legal issues as well as re-read the policy and found no legal or policy reason not to go forward. Ms. Labonte emphasized that staff took these conflict matters very seriously. Commissioner Sklar again noted that he was not finding fault but that this matter would have better be left in the Project Management Contract then there would have been no question. Assistant General Manager Kelly reviewed the entire contract competition process again. Vice President Caen expressed discomfort with taking action given the lack of clarity about what the policy specifically mandated. The Deputy City Attorney noted that it was not possible to rewrite the request for proposals (RFP) that led to these contracts at this point and that there were no legal impediments to going forward on them. Discussion among the Commissioners made clear that they wished to be crystal clear as to how seriously they viewed the need to address any hint of giving unfair advantage.

President Brooks and Commissioner Normandy summed up the discussion by noting that any lingering questions needed to be cleared up. Ms. Labonte proposed to bring back further refinements to the existing policy in January. In the interest of making it clear that the Commission's view on this matter had not changed, Commissioner Sklar proposed that a specific waiver of the policy in these cases be made and that then the Commission could act to clarify any uncertainties before this situation re-occurred. Commissioner Normandy called attention to the point that what was defined as a "subcontractor" had not been thoroughly quantified and that he wanted to be certain that all bidders were treated equally. Ms. Ambrose again noted there were no legal impediments to approval at this time and that a waiver was not necessary. Commissioners Sklar and Normandy still felt that there was sufficient ambiguity in this situation that approval conditional on a specific waiver of policy in these cases was needed pending clarification so that what was intended was crystal clear to all. President Brooks indicated he did not think this necessary given the City Attorney's opinion.

18. Discussion and possible action related to Agreement No. CS-880, Engineering Third Party Review Services.

Resolution No. 07-0213:

Approve the selection of CH2M Hill, Camp Dresser & McKee Inc., and MWH; award Water System Improvement Program-funded Agreement No. CS-880, Engineering Third Party Review Services, to provide independent review of engineering documents of all the regional projects of the Water System Improvement Program; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute separate professional services agreements with CH2M Hill, Camp Dresser & McKee Inc., and MWH for an amount not to exceed \$3,000,000 each, for a total not to exceed \$9,000,000, and with a duration of four years.

19. Discussion and possible action related to Agreement No. CS-893, Systems Engineering Services for the WSIP, to provide systems engineering, including but not limited to: hydraulic and seismic reliability modeling; and execute a professional services agreement with CH2M Hill for an amount not to exceed \$4 million, and with a duration of five years.

Resolution No.07-0214:

Approve the selection of CH2M Hill; award Water System Improvement Program-funded (WSIP-funded) Agreement No. CS-893, Systems Engineering Services for the WSIP, to provide systems engineering, including but not limited to: hydraulic and seismic reliability modeling; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with CH2M Hill for an amount not to exceed \$4 million, and with a duration of five years, or, in the event negotiations are not successful or City requirements are not satisfied, to re-advertise the RFP for Systems Engineering Services.

20. Discussion and possible action related to Agreement No. CS-894, for Pipeline Condition Assessment Services and authorize the General Manager to negotiate and execute a professional services agreement with CH2M Hill for an amount not to exceed \$3,550,000, and with a duration of five (5) years.

Resolution No. 07-0215:

Approve the selection of CH2M Hill; award Water Enterprise Project Funded Agreement No. CS-894, for Pipeline Condition Assessment Services, to provide the SFPUC with evaluation of Hetch Hetchy Water & Power (HHWP) pipeline facilities, including but not limited to evaluation through direct examination, fitness for life investigations and pipeline system rehabilitation plans. May also be called upon to provide other related engineering support services during the term of the Professional Services Agreement; and authorize the General Manager of the San Francisco Public Utilities Commission to negotiate and execute a professional services agreement with CH2M Hill for an amount not to exceed \$3,550,000, and with a duration of five (5) years, or, in the event negotiations are not successful or City requirements are not satisfied, to negotiate and execute a professional services agreement with the next highest ranked proposer.

Prior to final approval of Agenda Items 18, 19, and 20 it was:

Moved by Commissioner Normandy, seconded by Commissioner Sklar that: the Commission intended to specifically waive in these cases any considerations related to the Commission's policy that says, "any prime entity that was awarded a contract for program management and preconstruction management and its subconsultants, would not be allowed to perform design engineering or environmental or water services for the Water System Improvement Program." passed (3-2 AYE Normandy, Sklar, Hochschild - NO Brooks, Caen).

Approval of Agenda Items 18, 19, and 20 were moved by Commissioner Normandy seconded by Commissioner Sklar to adopt all three resolutions; passed (3-2 AYE Normandy, Sklar, Hochschild - NO Brooks, Caen).

15. Discussion and possible action related to Project No. CUW - 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, New PUC Administration Office Building.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, that the following resolution be continued to the regular meeting of January 8, 2008; passed (4-1 AYE Caen, Normandy, Sklar, Hochschild - NO Brooks).

After the discussion resumed on this item it became clear that the concerns raised by the Commissioners concerning the financial risks inherent in using this model of contracting for the 525 Golden Gate Avenue Project could not be sufficiently addressed to permit them to move this contract forward; therefore the item was continued to the regular meeting of January 8, 2008.

Staff Recommendation: Approve and award Construction Manager/General Contractor (CM/GC) contract funded by Project No. CUW - 687: 525 Golden Gate Avenue Building, Contract No. WD-2559R, new SFPUC Administration Office Building, in the amount of \$141,000,000, to the determined best value bidder, Webcor Builders.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.

No public comment was offered on the closed session items.

22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Sklar, to assert the attorney-client privilege; passed (5-0) unanimously.

The Commission went into Closed Session at 4:45 P.M.

Present during the closed session were: President Brooks; Vice President Caen; Commissioner Normandy; Commissioner Sklar; Commissioner Hochschild; Deputy City Attorney Noreen Ambrose, Commission Secretary Michael Housh; Real Estate Manager Gary Dowd; PUC Consultant Walter Keyser; Assistant General Manager Michael Carlin, and Ms. Mancini, PUC consultant advisor.

23. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(a). (Ambrose)

Consultation with: Agency Chief of Security concerning security of SFPUC Water and Power Systems.

24. Conference with Real Property Negotiator – Pursuant to Sunshine Ordinance Section 67.8 (a)(2), Govt. Code section 54956.8: Property: Sunol Valley Aggregate Quarry (Surface Mining Permit 30), located at 6527 Calaveras Rd. Sunol California. (Dowd) APN 96-375-009

Property: 308.5-acre property located in Alameda County, Calif., known as the Sunol Valley Aggregate Quarry. SMP 30.

Parties Negotiating: SFPUC - Dowd Oliver de Silva, Inc.

Under Negotiation: Price and Terms

25. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)

Resolution No. 07-0216:

James Zack dba BuiltForm Construction City Attorney File No. 07-02022 Filed: February 6, 2007

26. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)

Resolution No. 07-0217:

AT & T California Facilities City Attorney File No. 08-00785 Filed: October 4, 2007

27. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d). (Rothschild)

Resolution No. 07-0218:

Henry Leung Yiu/Donald E. Krentsa Esq. City Attorney File No. 07-02220 Filed: February 26, 2007

28. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (b) and (c) and San Francisco Administrative Code Section 67.10 (d) (2) (Ambrose) Anticipated Litigation: As defendant. (Ambrose)

President Brooks and Commissioner Sklar left the meeting during the closed session.

Following Closed Session, the Commission reconvened in Open Session at 5:35 P.M.

29. Announcement following Closed Session.

Following Closed Session, Vice President Caen announced that no action was taken on items 23, 24, and 28 and that Items 25, 26, and 27 were approved during Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Hochschild, not to disclose the discussions during Closed Session; passed (3-0 Normandy, Hochschild and Sklar) unanimously.

There being no further business to discuss, the meeting was adjourned at 5:37 P.M.

Michael Housh
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/18/MSC_ID/113/MTO_ID/369/C_ID/3777

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